

St. Petersburg University
Graduate School of Management
Master in Management Program

STAKEHOLDERS' INFLUENCE ON ADAPTATION OF INTERNATIONAL COMPANIES'
CSR STRATEGIES TO RUSSIAN ENVIRONMENT: THE CASE OF FOOD
MANUFACTURERS

Master's Thesis by the 2nd year student
Concentration — MIM
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АННОТАЦИЯ

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ABSTRACT

Master Student's Name	Sushich Semen Grigoryevitch
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Description of the goal, tasks, and main results	The goal of the work is to develop recommendations for international food industry companies for the efficient adaptation of CSR strategies in the Russian market. To achieve this goal, multiple case studies of international food manufacturers were researched. The study revealed the in-depth influence of various stakeholders on the adaptation of CSR strategies of companies in this sector in Russia.
Keywords	CSR, CSR strategy, stakeholder management, food industry, Russian CSR environment

ЗАЯВЛЕНИЕ О САМОСТОЯТЕЛЬНОМ ХАРАКТЕРЕ ВЫПОЛНЕНИЯ ВЫПУСКНОЙ КВАЛИФИКАЦИОННОЙ РАБОТЫ

Я, Сушич Семен Григорьевич, студент второго курса магистратуры направления «Менеджмент», заявляю, что в моей магистерской диссертации на тему « Влияние заинтересованных сторон на адаптацию стратегий КСО международных компаний в России: кейс производителей продуктов питания», представленной в службу обеспечения программ магистратуры для последующей передачи в государственную аттестационную комиссию для публичной защиты, не содержится элементов плагиата.

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Мне известно содержание п. 9.7.1 Правил обучения по основным образовательным программам высшего и среднего профессионального образования в СПбГУ о том, что «ВКР выполняется индивидуально каждым студентом под руководством назначенного ему научного руководителя», и п. 51 Устава федерального государственного бюджетного образовательного учреждения высшего образования «Санкт-Петербургский государственный университет» о том, что «студент подлежит отчислению из Санкт-Петербургского университета за представление курсовой или выпускной квалификационной работы, выполненной другим лицом (лицами)».



07.06.2020

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I, Sushich Semen Grigoryevitch, second year master student, program «Management», state that my master thesis on the topic «Stakeholders' Influence on Adaptation of International Companies' CSR Strategies to Russian Environment: the Case of Food Manufactures», which is presented to the Master Office to be submitted to the Official Defense Committee for the public defense, does not contain any elements of plagiarism.

All direct borrowings from printed and electronic sources, as well as from master theses, PhD and doctorate theses which were defended earlier, have appropriate references.

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Introduction

Research Motivation

Nowadays, corporate social responsibility (CSR) has ceased to be an element that companies treat as an additional burden to the main goal of making a profit. This concept has undergone significant changes over the past 70 years. The newest global standard is the Sustainable Development Goals (SDGs), which were adopted at a global level by the UN in 2015 (reference to the UN). Today, the SDGs have become an important part of the strategy of large international companies – including the FMCG sector, which, due to the size of their business, large amounts of cash flows and a developed infrastructure, have a significant impact on the implementation of these goals. SDGs has transferred the focus of CSR from company strategic advantage (Frynas, 2015) to the necessity of sustainability integration into all business processes to achieve UN goals, as this helps to minimize the damage to the planet, which is already considered significant (Rendtorff, 2019). SDGs also help to deal with mismatching between the goals of the macro and micro levels which means more efficient strategy making at all the company levels (Dyllick & Muff, 2016).

Nevertheless, the adaptation of such strategies varies across markets, especially if we are talking about countries that have been isolated from the capitalist world for a long time and whose institutions have developed according to completely different scenarios (Kapoor & Dhamija, 2017; Li et al., 2010; Mahmood & Humphrey, 2013; Yang & Rivers, 2009). Moreover, adaptation can also be influenced by the crisis situations, for example, the recent Covid-19 pandemic which could potentially influence CSR strategy of many companies worldwide (Crane, 2020). There is still limited research on corporate social responsibility strategies in Russia, especially on how the subsidiaries of international companies adapt their CSR strategies and initiatives to the Russian realities. Therefore, it is not only necessary to clarify the peculiarities of the Russian stakeholders but also to help companies, which are already on the market, to adapt more efficiently.

International food manufacturers have been chosen for this research since they ensure the food security of the inhabitants of the countries in which they operate, and thus are under the closest supervision of the state and various stakeholders which influence companies to engage and manage relationships with a lot of stakeholders all over the world.

After all, as David Brower said in 1977 – “Think globally, act locally”. These words perfectly reflect the principle by which companies should approach the issue of CSR strategies in different

countries, since it is adaptation to other realities that helps business to be more effective, and in the case of corporate social responsibility, also valuable.

The subject of the research is the adaptation of the CSR strategy, the object of the research is CSR strategy.

Research goal

The **goal** of this research is to make proposals on how to adapt international companies CSR strategies to the Russian environment due to local stakeholders' peculiarities. To achieve the goal, the following **research questions** were raised:

- Does the type of CSR strategy of international food companies change at the Russian market?
- What are the peculiarities in the relationships with stakeholders in Russia for global food producers and how do they adapt their CSR strategies or practices because of them?
- How do CSR strategies in Russia change in times of crisis for food producers at the example of Covid-19?

To attain the research **goal**, the following **objectives** are set:

- Define theoretical and methodological foundation of CSR strategy and stakeholder management.
- Describe relationships between stakeholder peculiarities and CSR strategies of the international food producers.
- Analyze how CSR strategies adapt to the Russian environment and to the crisis situations in Russia in the form of the multiple case-analysis.
- Generalize findings and suggest improvements for the more efficient adaptation for already existing and potentially new international food producers at the Russian market.

As for the methodology of this study, the case study method with two research techniques will be used: a content-analysis of the CSR reports made by the international food producers both at the global and at the Russian level, and interviews with representatives of such companies who are responsible for the CSR strategy in Russia. The interviews were conducted with a semi-structured approach and were analyzed with the help of the qualitative content analysis. Questions were

dedicated to the type of strategy subsidiaries use at the Russian market and to the local stakeholder peculiarities. Moreover, one set of questions is also dedicated to the Covid-19 crisis and how companies did change strategies due to its influence. Sources of information at this work are journal articles and books on management and CSR, industry reports and companies report both at the global and at the Russian levels.

The structure of the study is the following: first, the main concepts regarding CSR are researched and reviewed, among them are the works by Bowen, Carroll, Ackerman, Davis, Blagov (Bowen, 1953; Carroll, 1979; Davis, 1973; Ackerman, 1976, Blagov, 2015). Then the stakeholder theory is introduced as an important stage in the creation of the strategic CSR. It is shown through the works of Freeman, Carroll, and Mitchell (Freeman, 1984; Carroll, 2009; Mitchell et al., 1997). Several main concepts of strategic approach to the CSR are presented (Porter & Kramer, 2011; Dyllick & Muff, 2016) and framework of CSR strategy creation are discussed (Baumgartner, 2014). Further, various concepts of the influence of various factors on the change in the CSR strategy of international companies (institutional, stakeholders) are considered (Matten & Moor, 2008, Campbell, 2007, Yang & Rivers, 2009). Since the emphasis in this work is made specifically on stakeholders, the greatest emphasis will be placed on them; nevertheless, the difference in stakeholders is explained by institutional theory, therefore, two main concepts from this area are also considered: Williamson's institutional model and Wheatley's model of national business systems (Williamson, 2000; Whitley, 1999). A brief context of CSR in Russia is given based on a scientific article by Fifka and analytical reports from Skolkovo and Effie Russia (Fifka, 2014; Effie & KPMG, 2020; IEMS SKOLKOVO Business School, 2016). The following is a methodological rationale for the choice of a qualitative analysis of multiple case studies. Then, the cases were examined with the help of interviews and analysis of non-financial reporting, patterns, and differences in the adaptation of CSR strategies to the Russian market were revealed. As a result, specific initiatives were proposed to improve the adaptation of CSR strategies of international food companies in Russia.

Chapter 1. Corporate social responsibility: concept evolution and integration into corporate strategy

In this chapter, I discuss important concepts for this job. I first talk about the history of the term “corporate social responsibility” from the 1950s to modern definitions of business sustainability. Moreover, I analyze in detail one of the most important concepts that consider CSR from the point of view of strategic management — the theory of stakeholders, I give different ways of prioritizing stakeholders, which is necessary for any company to allocate resources more efficiently. Then I analyze the construction of the CSR Strategy, starting from the normative level of management and ending with the operational one. The strategy cannot be developed without considering the social context, in turn, it differs in each country due to the peculiarities of institutional development, therefore, the concepts of Williamson's institutional system and Wheatley's national business systems are explained. This is followed by an analysis of works devoted to the impact of the local institutional environment and stakeholders on the construction and adaptation of existing CSR strategies. The modified 2009 Yang model is used as the main basis for this work. Then, after analyzing the Russian business system and its impact on stakeholders, several assumptions are made as to how these stakeholders might influence the adaptation of CSR strategies.

1.1 CSR concept: major approaches

This section provides the history of the emergence of such a concept as CSR from the point of view of interpreting the fundamental concept as responsibility, and examines two initial approaches to the interpretation of this concept — normative (what is CSR?) And positive (how to provide CSR and evaluate the results?)

Comprehension of the concept of corporate social responsibility has begun more than 70 years ago, in the 1950-s. The difficulty lies in the fact that CSR is a composite category. All in all, it has three levels: responsibility as an ethical concept, social responsibility as a subspecies, as well as corporate social responsibility, where the company is a subject of social responsibility (Blagov, 2015, p.18). Before proceeding with the analysis of CSR, it is necessary to understand what each of its composite components mean.

The ethical category of responsibility implies the concept of moral responsibility. Nevertheless, even it cannot be interpreted unambiguously. According to Velazquez, there are at least three variations of moral responsibility: a description of a personality type that has responsibility as a

virtue, a designation of the responsibility, something that needs to be done but has not yet been done, and finally, a designation of guilt for what happened (Velasquez, 2003, p.532). All in all, there are three meanings of moral responsibility — responsibility as a positive quality, deontological and casual meanings (Blagov, 2015, p.19).

There are also different interpretations of the “sociality” of responsibility. Who is the beneficiary of all the responsible business actions: is it just society in general or specific groups, which were harmed the most? (Blagov, 2015, p.19).

Finally, the corporate essence of social responsibility has defined the main theme of the analysis, which has shifted the study from philosophical and social issues to management. The analysis of CSR also develops a discussion about what is included in the field of activity of a modern corporation and allows to build new management models that describe the most complex forms of business activities and how to manage these forms the most efficient way. All in all, questions like “What is CSR?” and “Where do sources of CSR come from?” transform into a much more complex question — “What type of moral responsibility does the corporation as a complex form of business activity bear before such a diverse concept as society?”.

1.1.1 Normative approach (CSR-1)

The founder of the concept CSR is considered Howard R. Bowen, who wrote the famous book “Responsibilities of the Businessman”, which was published in 1953, under the influence of the Second World War, in which various corporations greatly helped the American army. Bowen believed that hundreds of businesses across the country not only worked for the economy, but also changed the society (Bowen, 1953). Consequently, business must have a responsibility to it. The only question is – to what extent? Bowen believed that the social responsibility of a businessmen was to pursue policies, make decisions or follow those directions of action that are desirable from the point of view of the goals and values of society (Bowen, 1953, p.6).

Blagov states that this interpretation has two prerequisites that have determined the development of research on CSR (Blagov, 2015, p.21). The first assumption implies that there is an agreement between society and business. A legitimized corporation can only make decisions, which will benefit the society, otherwise society has the power to deprive a company of its legitimacy (Warren, 2002, p.222). On the other hand, Bowen recognized the partially independent role of the corporation not only in decision-making, but also in the formation of an environment that can

change the opinion of society regarding certain issues. These two assumptions were also considered the two driving factors of CSR motivation — the external and the internal (fig.1).

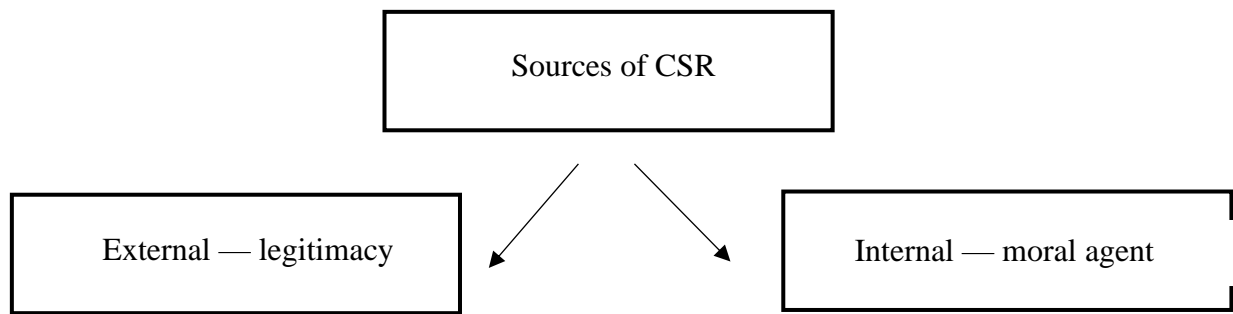


Fig.1 Sources of CSR motivation (Bowen, 1953)

The study of the external source was carried out by the representatives of social and management studies, whereas the study of the internal source was carried out by the representatives of philosophical studies, who tried to understand whether it is possible to speak of a corporation as a moral agent. The study of both directions undoubtedly helped in the development of the CSR discourse, however, as Blagov notes, the development of a normative approach alone was not enough for the analysis of CSR as a management practice (Blagov, 2011, p.26). Bowen's approach is seen as normative because the appearance of the agreement between society and organizations was considered the right thing to be and corporations were considered as moral agent.

Nevertheless, there were also different opinions within the normative approach. For example, Milton Friedman and Theodor Levitt believed that the increased attention of business to the problems of society and attempts to solve them entail the death of the capitalist free-market system. (Friedman, 1970; Levitt, 1958). The main goal of business should remain long-term profit maximization, thereby minimizing the chances of being closed (Levitt, 1958, p.49). In his book "Capitalism and freedom", Milton Friedman also stated that a free market would solve all problems, even problems of social injustice (Friedman, 1970). Both Friedman and Levitt believed that if corporate leaders accept social responsibility in a broad sense, this could undermine the foundations of a free society, since this acceptance contradicts the only social responsibility of business – to use all resources to maximize profit and utility by participating in honest and open free-market competition (Friedman, 1970; Levitt, 1958).

Nevertheless, Friedman subsequently developed his thought using argumentation related to the problem of the corporation as a moral agent. He believed that a corporation cannot be considered a moral agent, that it cannot have responsibility, that the real subjects of corporate social

responsibility can only be the people who represent this corporation — top managers and directly business owners (Friedman, 1970). In general, representatives of neoclassical economics believed that the social responsibility of business is an unnecessary appendage that does not meet the main goals of business — to earn as much money as possible, moreover, control by society, and the desire of companies to indulge this society, plays a bad role not only business, but also society itself. Thus, the business turned into an isolate substance, which was controlled by the notorious "invisible hand of the market". These researchers did not consider any other restrictions other than legal and denied the possibility of any external regulation by the company. This approach can also be seen as corporate egoism, when companies should work only in their own interests but not because they are not capable to efficiently provide public services but because it leads to the destruction of the free market which was a critic thing for neo-liberalists.

Other researchers, on the contrary, believed that every company must follow external regulation, otherwise the "anonymous technostucture", as Gelbraith called it, would seek to make a profit by any means, even the most unethical. He believed that the only possible response is to create strict rules and lines in which corporates should operate to ensure that their activities meet the expectations of the public (Gelbraith, 1975).

Nevertheless, with the theory of corporate egoism, the theory of corporate altruism and responsibility appeared. The founder of this approach is Keith Davis, who believed that any responsibility of a firm is directly proportional to the power it possesses, and that the neoclassical approach is extremely divorced from reality (the neoclassical approach was often criticized for this). He outlined four new areas of discussion regarding the origins of CSR:

1. CSR should be considered at two levels simultaneously – at the level of the system, and at the level of an individual company. Of course, the system is important for determining a certain framework and direction of activity, however, managers of each individual company make their own decisions, which can be influenced by various internal factors. Davis writes that the first social responsibility of businessmen is to search for possible solutions, which concerns the content of their responsibility to society (Davis, 1960, p.71)
2. Social responsibility is directly dependent on social power and influence. Davis believes that the forces of the market do not deprive a business of influence on society, but at the same time, one cannot require a company to be responsible for absolutely all problems and issues of society. (Davis, 1960, p.79)

3. Social responsibility refers to those decisions and actions of the firm that may go beyond the economic interest of the firm (Davis, 1960, p.70). Thereby underscoring some additional CSR responsibility that does not necessarily have to help firms maximize profits.

4. Davis first mentioned the possible positive long-term economic effects of decisions made under the influence of social responsibility. Thus, this argument can testify as a kind of rationalization of decision making, which does not bring economic benefits in the short term (Davis, 1960)

Davis summarized all the arguments for and against the use of CSR, thereby creating the most complete picture of the pros and cons of the phenomenon at that time (table 1). Blagov believes that it is from this moment that an attempt to link CSR with the company's strategy begins, which will later become the dominant vector in discussions of such a phenomenon as CSR (Blagov, 2015, p.30)

Table 1

Pros	Cons
Long-term interest of business in social prosperity	Lack of experience in solving social problems.
Relaxation of government regulation	Blurring the main goals and objectives of the business
Improving the public image of businesses and companies	Refusal to maximize profits
Compliance of business with socio-cultural norms	Weakness of social control
New ways of solving social problems	Too much concentration of influence in the hands of business
The likelihood of turning social problems into a profitable business	
Availability of the necessary financial resources	

Pros and cons of CSR at the firm (Blagov, 2015, p.29, Davis, 1973, p.313-321)

It was also necessary to understand what specific responsibilities the company should provide to the community. In this context, it is necessary to mention Carroll's pyramid (figure 2), which for many years became the standard of the essence of CSR. In the 70s, he proposed a new interpretation of the social responsibility of business: meeting the economic, legal, ethical, and discretionary expectations of society. This distinction helped to better understand the constituent parts of CSR.



Figure 2. Carroll's pyramid of CSR (Carroll, 1979, p.5)

As for the economic responsibilities that already Levitt and Friedman talked about, business should make profit no matter the circumstances. In this pyramid, this type of responsibilities is the foundation of CSR because no profits mean no possibilities to change society for the better. Legal responsibilities imply that to help society, you must follow the rules that were invented by this society (obey laws and regulations). Above the legal level, is the level of ethical responsibilities. Both are quite close because ethics are unwritten laws, which business should comply with according to society. Finally, the philanthropic responsibilities of the business can include all the forms of giving. It means to participate in "social activities that are not mandated, not required by law, and not generally expected of business in an ethical sense" (Carroll, 1979, p.499).

Even though this model has become incredibly popular, it has several significant disadvantages. First, the pyramid does not consider the intertwining and intersection of different types of responsibility, assuming that each level is on its own. Secondly, the only level at which the manager's personal responsibility is possible is philanthropy, which is also a strong simplification of the real picture. Overall, some researchers are of the opinion that Carroll's Four Principles of Responsibility are areas within which many other principles operate (Wood, 1991, p.695). Carroll himself understood the shortcomings of his model. As a result, together with Schwartz in 2003, he tried to modify his model once again, this time in the form of a Venn diagram, the intersection of which could show the reverses and intersections of various types of corporate social responsibility (figure 3).

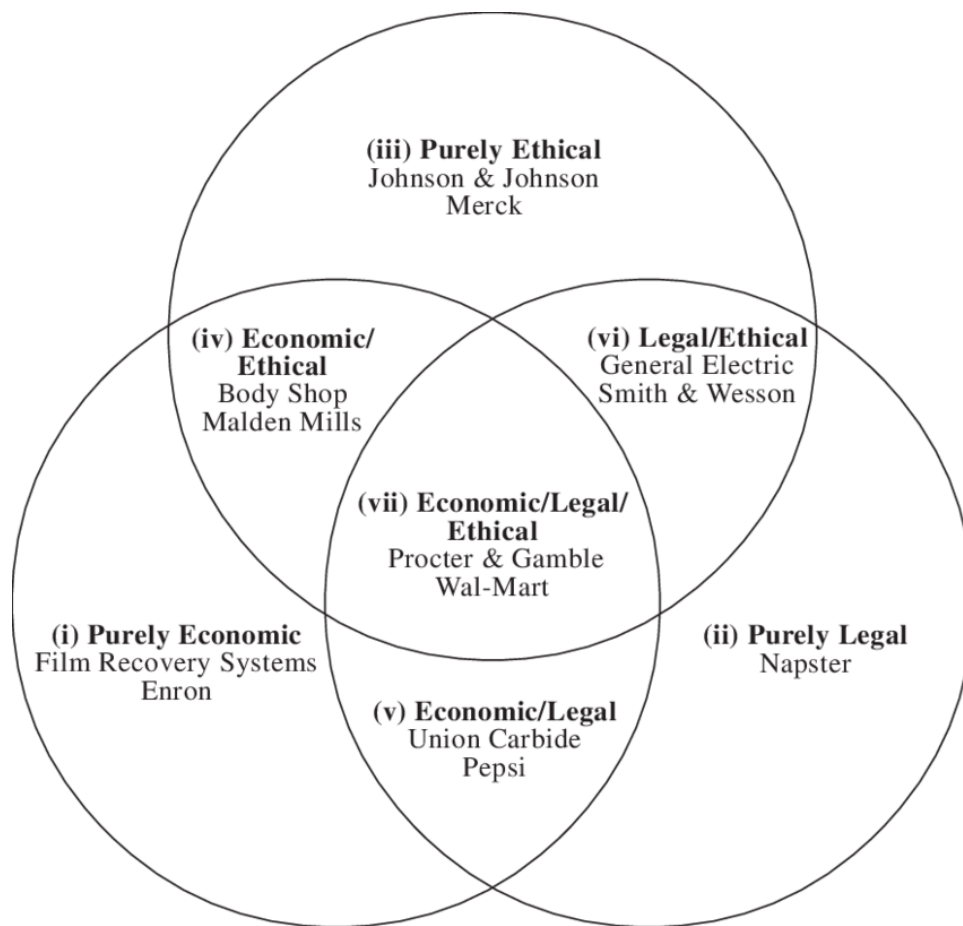


Figure 3. Venn diagram of CSR with companies' example (Carroll & Schwarz, 2003)

At the same time, Carroll decided to omit the philanthropy level of CSR at this modification. Philanthropy can be divided into two categories: the ethical (moral motivation) and the economic (strategic motivation). In the context of corporate philanthropy, it is necessary to mention the work of Porter and Kramer, who wrote about the importance of such a factor as strategic philanthropy, and that this factor can be a competitive advantage of the company (Porter & Kramer, 2002). They argue that Friedman's argument about the harms of corporate philanthropy rests on two assumptions:

1. The social and economic goals of the company do not overlap
2. Corporations are not more effective than ordinary individuals in solving social problems

Nevertheless, Kramer and Porter believed that these assumptions were true only when the contribution of business to social activities was unsystematic and partial. However, when a corporation uses resources to gain a competitive advantage, it also improves the business environment in the places in which it operates. Thus, the economic and social goals of the company

are combined. As for the second assumption, a more systematic approach involves not only "giving back" money, but also building relationships with various stakeholders, and this is already much more useful than a regular donation (Kramer & Porter, 2002).

1.1.2. Positive approach (CSR-2)

Over time, the discussion about CSR allowed for a clearer definition and boundaries and understanding where the sources of this phenomenon come from. However, it was still not clear what this responsibility should consist of, and how it should be implemented in practice (Blagov, 2015, p.33). It was necessary to understand how companies perceive and respond to public reaction. Ackerman found that a company engages in a "responsiveness" process in three stages (table 2):

1. Top management or CEO formulates problems that the company needs to respond.
2. Training employees with the help of specialists, whose main task is to bring the goals set by the CEO into practice (this is important, since specialists have a direct motivation to teach well, and not formally)
3. Division managers provide increased "responsiveness".

Table 2

Organizational level	Stage 1	Stage 2	Stage 3
CEO	Subject: The issue of corporate policy	Acquisition of knowledge	Realization of the organizational commitments
	Action: The policy formulation and spread of information	Adding specialists to the staff	Changing expectations
	Result: Renewed goals of the business		
Specialists who control company's activities in terms of responsiveness		Subject: The technical issue	Provoking of responsiveness
		Action: The creation of the database	Attachment of the database to the performance evaluation
		Result: Administrative and technical training	

Managers of divisional level			Subject: The managerial issue
			Action: The resource allocation and processes modification
			Result: Higher level of responsiveness

How companies get involved into the corporate social responsiveness (Ackerman & Bauer, 1976, p.128)

Nevertheless, this theory assumes that only the top management of the organization makes the direct choice, and the rest of the employees simply learn, under the guidance of specialists, to solve problems that the management considered important. Moreover, the researchers believed that top management tries to ignore public expectations if possible, and to the point that when it is necessary to decide, it is determined not by the moral choice of the manager, but by the pressure of circumstances, therefore, there is no free choice (Sethi, 1969, p.29). In addition, the position of the company regarding any social issues should be formulated at all firm levels, not just on the high ones, otherwise there cannot be an efficient response to the social problems (Sethi, 1969, p.29). Of course, when everyone in a firm understands the goal of a particular event or training, every employee of the firm can do the job more efficiently. Moreover, awareness of a problem at all levels of the organization minimizes the chance that the entire corporation ignores it until it must do something only under the pressure of circumstances. Thus, there is an interpretation of "proactive" social sensitivity when the company should anticipate problems or some difficulties even before they arise. Carroll also wrote about this: he proposed to rank the responsiveness concept using a scale that was determined by two poles — Lack of actions and Multiple actions. Carroll considered that any company has responsiveness in general – the only difference is the type of responsiveness it has, which depends on the levels at which moral decisions are made in the firm (Carroll, 1979, p.502). Carroll highlighted four types of responsiveness – reactive (when firm denies all the social activity), defensive (when it fights back with the help of social activities from the accusations), adaptive (when firm starts to

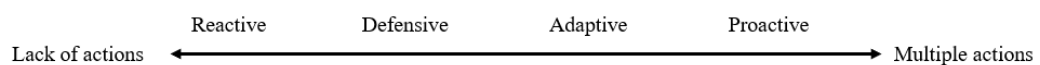


Figure 4. Types of responsiveness (Carroll 1979, p.502)

As a result, we can conclude that the concept of CSR has developed significantly from the questions "What type of moral responsibility does the corporation as a complex form of business activity bear before such a diverse concept as society?" to "How to implement CSR most effectively?" This suggests that discussions about this phenomenon have moved from a normative plane to a positivist one. In fact, the normative and positivist interpretation of the concept of CSR differ so much that Frederick even invented different designations for them — CSR-1 and CSR-2, respectively (Frederick, 1994). He highlighted 3 major differences which CSR-2 has in comparison with CSR-1:

1. The focus is now not so much on the company's general attitude and "morality", but specifically on its actions regarding the responsiveness to social issues.
2. Discussion is about a more practical approach that deals with management techniques and tools.
3. The development of empirical research in the field of CSR is stimulated, consideration of individual cases, without summarizing all the information (Frederick, 1994).

Nevertheless, this concept still was quite general and static. Companies had to decide on its own, what was CSR for it, moreover, the relationships between company and society were not understood at all. In addition, management of the company did not get any stimulus to be a part of social problem-solving (Blagov, 2015, p.60). Of course, there was an opinion about proactivity of the management regarding social issues, but in general, there were no explanations about why companies should solve any social issues. It can be said that now the most important question about CSR was – “Why should companies do CSR?” A new direction in CSR research helped to answer this question – the stakeholder theory.

All in all, in this section, the evolution of the concept of CSR was presented, starting from the normative approach presented in the works of Bowen, Davis and Carroll, Blagov, to the positive one, which is analyzed through the works of Ackerman, Carroll, and Frederick. The main differences between the two scientific approaches to the interpretation of CSR are analyzed, and the following vector of development of the concept is revealed, which is getting closer to the interpretation of CSR as a strategic phenomenon of companies.

1.2 Stakeholder theory

This section discusses the concept of stakeholder theory, which has greatly changed the assessment and perception of such an effect as CSR. The basic definitions of the characteristics of the company's stakeholder are given. Moreover, the main criteria of stakeholder management (stakeholder prioritization, stakeholder involvement) and their linking to CSR have been analyzed.

Initially, the academic literature was dominated by the shareholder approach, which assumed that the firm had direct connections only with shareholders and owners, and that the firm should, first, think about their interests and put financial goals (obligations) at the forefront. However, a different approach emerged in the mid-1980s, which implies that there are other social groups with which the business has a connection. These groups can be government organizations, suppliers, customers, employees, trade unions and many more (figure 5).

According to Freeman's interpretation, stakeholders are "any people or organizations that influence the decisions made by the firm, or if they are influenced by the decisions made by the firm" (Freeman, 1984, p.25). In other words, the scientific literature could no longer ignore the increased number of firms' connections with society. There are other interpretations of the word "stakeholder", which considered not only the mutual influence, but also the creation of organizational wealth (Phillips et al., 2003) and risk taken as a fact of putting any kind of capital into the firm performance (Clarkson, 1995). Nevertheless, Freeman's interpretation is the most suitable for this study because it includes the investigation of stakeholders influence on the CSR strategies in Russia.

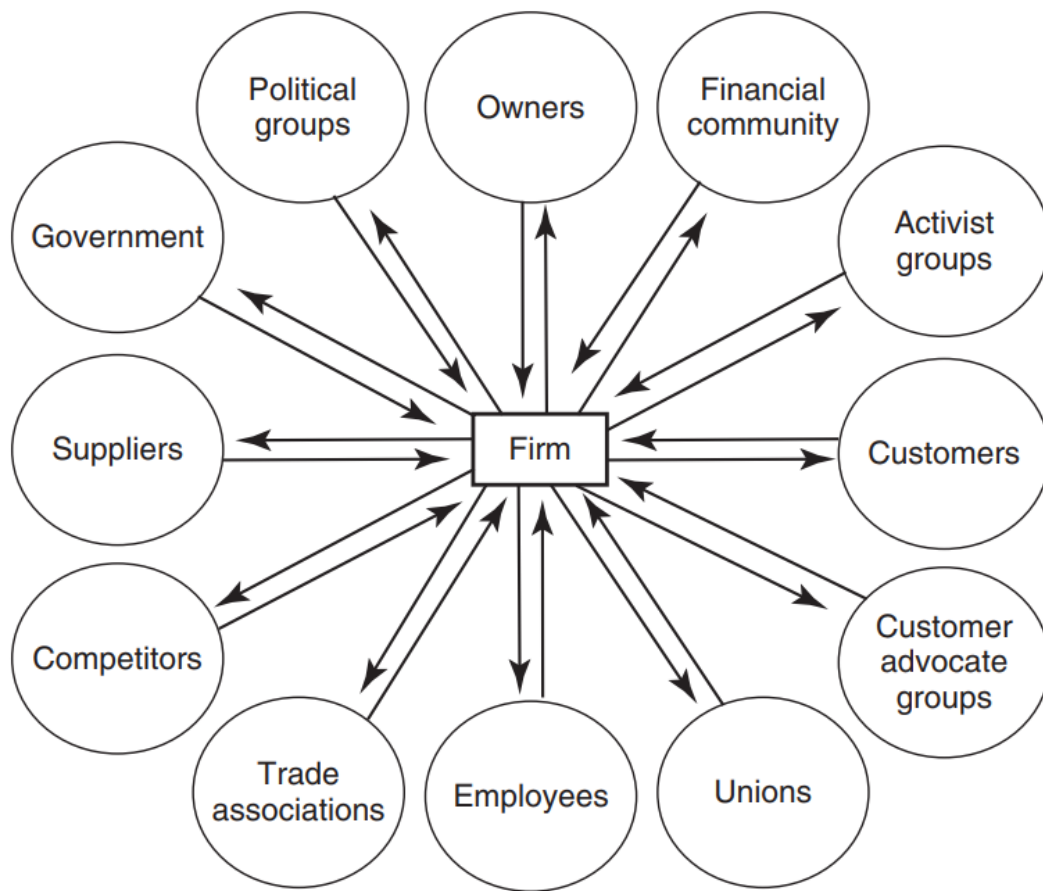


Figure 5. Stakeholder map (Freeman, 1984)

To further elaborate this idea, Jones made assumptions and generalizations about stakeholders, which will also be used in this work (Jones, 1995):

1. The firm has relationships with various stakeholders.
2. The relationship is described by the contract format.
3. The firm is treated as a "collection" of contracts.
4. The free market seeks equilibrium, therefore encourages firms to enter contracts.

According to Jones, it is impossible to conclude a "contract" with an interested party without facing problems. Consequently, firms that successfully solve these problems become more successful than firms that ignore them, since using problem-solving mechanisms is much more effective than using containment mechanisms (Jones, 1995). Nevertheless, it only works in the context of long-run effects, because as it was stated earlier, solving CSR problems can even have a negative impact on the company's operating performance. So, it means, if we are talking about effects in the future,

they should be justified by the presence of strategy and management, which means that we should look at how stakeholders can influence the company's strategy and how managers can work with stakeholders.

Berman and others have tried to establish a relationship between stakeholder management models and a company's financial performance. Two generalized models were built: strategic stakeholder management and an internal commitment model to stakeholders (Berman et al., 1999). The strategic stakeholder management model assumes that the involvement of managers in resolving issues related to stakeholders directly depends on how these relationships affect the financial condition of the company (Berman et al., 1999). It is a certain development of the neoclassical interpretation of business and man, according to which firms always try to maximize profits. Two models were identified — direct impact and moderation (figure 6). The differences between the models were in relation to stakeholder engagement and strategy. The direct impact model assumed that these are two independent processes, while in the moderation model, relationships with stakeholders have a direct impact on how the firm's strategy is built to achieve maximum financial effect. I believe that moderation model is more realistic because the initial strategy can be changed due to the stakeholder change in any time and it gives managers more flexibility, especially in the crisis times, for example, COVID-19.

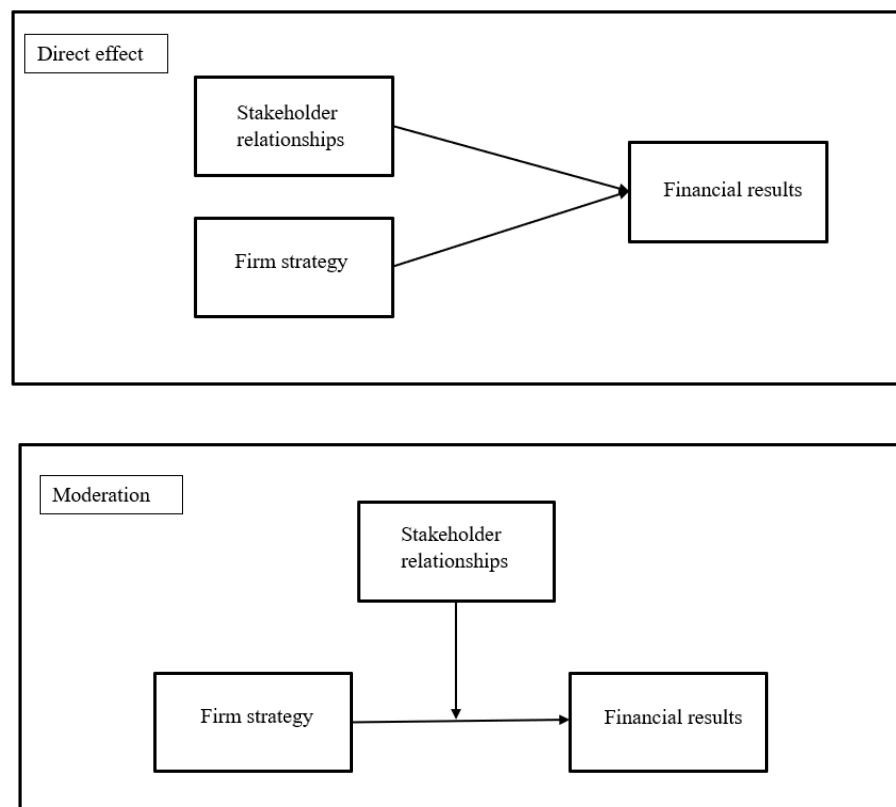


Figure 6. Models of strategic stakeholder management (Berman et al, 1999, p. 493)

In the early 1990s, Brenner and Cochren offered several postulates of the stakeholder management (Brenner & Cochren, 1991, p.462):

1. The firm must meet stakeholder expectations to exist.
2. The firm can and must understand the necessary needs and desires of stakeholders, studying their interests and values.
3. The company's management must understand that the very fact of management carries with it a choice between different stakeholders.
4. All the above is used to better understand organizational behavior.

The model of internal commitment can be seen as a follow-up for these postulates, as it suggests that a firm meet stakeholders at first and only then build a strategy. This is also a familiar interpretation to a concept already mentioned several times in this work – the moral choice of the firm and the role of the firm as a moral agent. Nevertheless, there is a contradiction in this model, which states that a firm must enter relationships with stakeholders to gain an instrumental advantage, however, it must do so, regardless of the expected results of these relationships (Berman et al., 1999, p.494). This directly contradicts the strategic management model. In this model, relationships with stakeholders are the primary responsibility of the firm, and it is this that affects the strategy (figure 7).

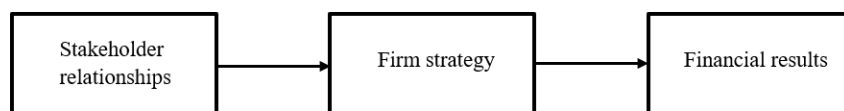


Figure 7. Model of internal commitment to stakeholders (Berman et al., 1999, p.494)

To build relationships with stakeholders, management should first understand who the stakeholders of the business are and how to choose between them. The first step should be to identify them. It is not as simple because specific subgroups for each stakeholder should be defined (Carroll, 2008, p.94). After that, the manager should identify the nature and legitimacy of stakes and the power to affect the organization. Carroll describes stake as any type of interest or a share in any event or organization (Carroll, 2008, p.83). This concept can be divided into three categories – when a stakeholder is influenced by the firm decision (employee when firms decide to cut

wages), when they have rights to be treated in the particular manner (employee, because companies should obligate the labor law) and when stakeholder has a share in the company (shareholder). As we can see, it is difficult to classify stakeholders with this method because there can be intersections between all three of them.

The next question a manager should ask regarding the stakeholders: how can they harm the company and how can they benefit? Carroll states that firms should first deal with the ones which are more likely to challenge the business because this usually has a short-term effect, whereas positive relationships can bring benefits in the long run (Carroll, 2009, p.99). This is a stage where the prioritization and classification of stakeholders begins because a company does not have the resources to have the same type of relationships with every type. Moreover, it can be inefficient and even harmful for business.

Therefore, it is necessary to distinguish between different types of stakeholders. There are several classifications of stakeholders, which mostly differ by the type of descriptors scientists use. For example, Clarkson divides all stakeholders into two groups – primary and secondary (fig. 10). The main difference between them is that both “influence or affect, or are influenced or affected by, the corporation, but they are not engaged in transactions with the corporation and are not essential for its survival.” (Clarkson, 1995, p.258)

Table 3

Primary	Secondary
Investors, employees, customers, suppliers, government	Media, NGO, Local communities, Competitors

Primary and secondary stakeholders by Clarkson (1995)

However, it is difficult to agree with the fact that secondary stakeholders are not essential for the survival of the business. This can be easily seen at the example of merges and acquisitions or even hostile takeovers by competitors. Therefore, it is important to manage relationships with them as well. One of the potential limitations of this model is that it is very limited and static – it requires only two options and limits the variability.

Another classification is the Mendelow matrix, in which it is suggested to divide all stakeholders by just two criteria – power and interest (Mendelow, 1991) (figure 8). Power is nothing more than just an ability to influence the company’s decisions and actions, interest – the potential engagement rate.

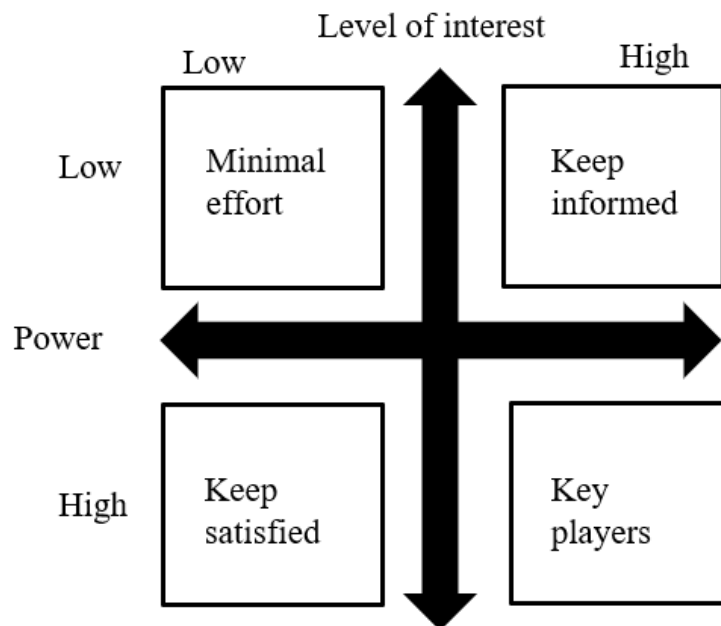


Figure 8. Mendelow's matrix (Mendelow, 1991)

Mendelow also suggests several types of strategies to follow for several groups:

1. Low amount of power and interest. Mendelow suggests doing the bare minimum and not to establish much contact. Examples of this stakeholder can be mass media or some professional associations.
2. High power, low interest. The best way to communicate with them is to maintain good relationships with them to avoid any potentially bad situations when these stakeholders can influence the company with very negative consequences. Example – government (although in the developed countries government can be an active player and have a lot of interest as well).
3. Low power, high interest. It is recommended to keep them updated in the case of any significant news or emergencies. Examples include NGOs and various trade unions.
4. High power, high interest. This is the most important segment among all. A company should primarily consider them as they have a direct influence on the company's performance or even survival (Mendelow, 1991).

Mendelow believes that this model is dynamic. Moreover, it can differ from country to country, even for the same company. For example, the government can be much more important stakeholder (key player) in Europe because it is highly interested in various social issues, whereas

in other places, it can be considered a stakeholder with much less interest just because the situation in the country requires to change focus from business to other social issues.

Mendelow's classification thus had two dimensions. The next and the last one has three – legitimacy urgency and power. It was created by Mitchell and is called the model of salience, which shows several groups of stakeholders by their importance (figure 9). In this work, the legitimacy of stakeholder is understood according to the interpretation by Santana, which states that stakeholder legitimacy consists of "legitimacy of the stakeholder as an entity, legitimacy of the stakeholder's claim, and legitimacy of the stakeholder's behavior" (Santana, 2012, p.263). Urgency was defined as the degree to which stakeholder demands meant immediate response. Power was described as the ability of one subject to force another subject to do something, albeit against his will (Mitchell et al., 1997, p.869). All in all, Mitchell considers that there are 7 types of stakeholders which can be seen as three big groups. The first three types only have one of the three characteristics correspondingly:

- 1) Dormant – these stakeholders have only power, and it is not known whether they would use it. Examples: potential investor in the project or a fired worker which can cause a negative impact on the company on the TV or radio.
- 2) Discretionary – these stakeholders have only legitimacy, no power, no urgency. Examples: NGOs or any organization that gets voluntary help.
- 3) Demanding – these stakeholders have only urgency (or high interest). Example: local communities.

The best way is just to monitor them because these stakeholders cannot cause a lot of problems. The next group includes stakeholders with two characteristics:

- 4) Dominant – they have both power and legitimacy. Examples: government, employees
- 5) Dangerous – these stakeholders have power and urgency. The best tactics is to mitigate all the risks, which occur because of them.
- 6) Dependent – have urgency and legitimacy.

And the last group consists of stakeholders with all three characteristics:

- 7) Definitive – the most important stakeholders, which should be prioritized because they bear the most risks for the business. In theory, any stakeholder can become definitive, so managers should constantly evaluate the situation. Example – government.

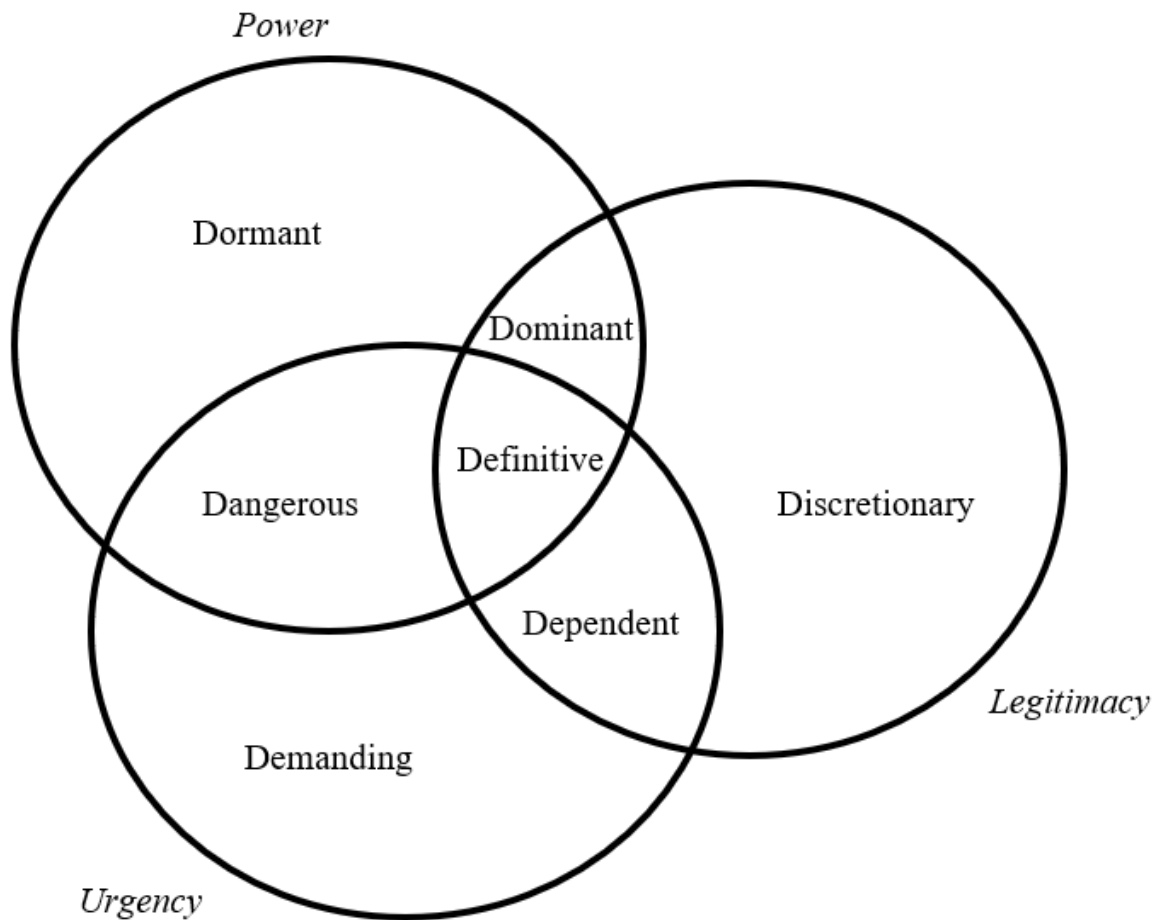


Figure 9 Stakeholder salience typology (Mitchell et al., 1997)

Of course, this model is not static, characteristics can change through time and especially in times of crisis, like COVID-19, where stakeholders which previously had only one or two characteristics got all three and became the most important for the companies (medical workers, or deliverymen or women) (Crane & Matten, 2020).

After a classification of the stakeholders, the next step is to create an action plan – the basic principles that the company follows when communicating with stakeholder. In this paper, Mitchell's salient model will be used because it is the most complex, although it has some grey zones – for example, in defining what the legitimacy of the stakeholder means.

- 1) Dormant – keep in mind.
- 2) Discretionary – help.
- 3) Demanding – observe.
- 4) Dominant – engage.
- 5) Dependent – engage.

- 6) Dangerous – mitigate risks.
- 7) Definitive – engage or minimize damage.

As for the prioritization of actions and initiatives, a company can create a materiality matrix, which shows strategic priorities for the companies in dependence of how stakeholder prioritize these activities. In general, the materiality matrix shows strategic priorities, reflecting the activities that mostly influence the business and stakeholders. Materiality matrices are mostly used in the CSR disclosure and reporting, which can also be seen as a part of stakeholder management as different stakeholder prioritization affects the content and quality of these reports in different ways (Torelli et al., 2020).

Du assumes that managers must provide efficient methods of communicating CSR to the stakeholders to benefit financially from their CSR activities (Du et al., 2010). It seems like non-financial reporting has become a dominant way for communicating CSR strategy and initiatives and it makes stakeholders aware of CSR efforts (Ojasoo, 2016). It is in the interest of this work because it implies a comparison of companies' disclosure at the global level and at the Russian level to assess qualities of these reports and specific initiatives as their presence is defined by the stakeholder expectations.

Nevertheless, it is impossible to say that CSR scientific literature has stopped at the stakeholder theory. On the contrary, this stream of researched allowed to see CSR from the other side – as strategic and not beneficial but necessary part of the business.

1.3 Strategic approach to CSR

This section discusses the basic concepts of a strategic approach to CSR (shared value creation, the concept of business sustainability related to the UN Sustainable Development Goals). Also given are different approaches to building a CSR strategy and from which factors it can be potentially dependent on.

One way or another, it is possible to say that the concept of CSR only as a kind of moral responsibility of the company to society was outdated in the beginning of the 21st century. New interpretations and approaches to this term began to appear. Focus has shifted to the discussion of strategic CSR. Baron is considered a pioneer in this area, who in 2001 wrote the article "Private Politics, Corporate Social Responsibility, and Integrated Strategy", in which he mathematically

argued that the social activity of a company leads to increased profits. However, this work is based on one very important assumption – that people buy more of a product if they know about its more sustainable origin. Unfortunately, science has not yet developed an unambiguous opinion on this matter at that time, since in various studies, scientists have found both positive (Waddock & Graves, 1997) and negative effects of CSR on business profitability (Wright & Ferris, 1997).

Nowadays, with the phenomenon of the responsible consumption it is possible to say that CSR influences the financial performance of a firm through a positive image among the consumers (Ali, 2020). This topic was also investigated by McWilliams and Siegel, in addition to the question, how exactly companies participating in CSR perform in comparison with companies that do not engage in this type of activity, they also decided to find out how much CSR a company needs to do to get more profit. The paradigm for discussing CSR has changed and now the company's social activities were viewed not as a response to society's expectations, but as an investment, the main goal of which remains to maximize profits, which is consistent with the interpretation of business in the mid-20th century. McWilliams and Siegel suggested to use cost-benefit analysis to determine the exact amount of CSR activities required for any business. In their opinion, an increased level of revenue from CSR activities should match with the increased number of costs which firm spend on these activities (McWilliams & Siegel, 2001).

1.3.1 Creating shared value concept

Unfortunately, the researchers of strategic CSR only considered the possibility of increasing economic benefits. They did not in any way study the society value effects. This was done by Porter and Kramer in their famous work "Creating Shared Value. Managing Sustainable Business". They ruled that the entire modern business system is in crisis, and the more a company tries to take on social responsibility, the more social pressure it receives as the issue of increased expectations arises (Porter, Kramer, 2011). It was impossible to effectively carry out activities that economic scientists previously considered a constraint that interferes with the main goal of business — making profit. Porter proposed to change the very interpretation of corporations, and what should be their goal, since, in his opinion, this helps solve the CSR paradox. The goal of any company should not be profit, but shared value, which consists of economic value and social value (Porter, Kramer, 2011). Three postulates of shared value creation have been proposed:

1. Rethinking products and markets. Products should meet social needs.
2. Revisiting performance in the utility chain.

3. Development of a local cluster. Company should help every stakeholder in the local area to grow as it can help business to grow after.

Porter also developed the ideas of Davis and Baron that companies involving in CSR activities can financially benefit from them mostly from maximizing the productivity, which leads to the profit maximization (figure 10).

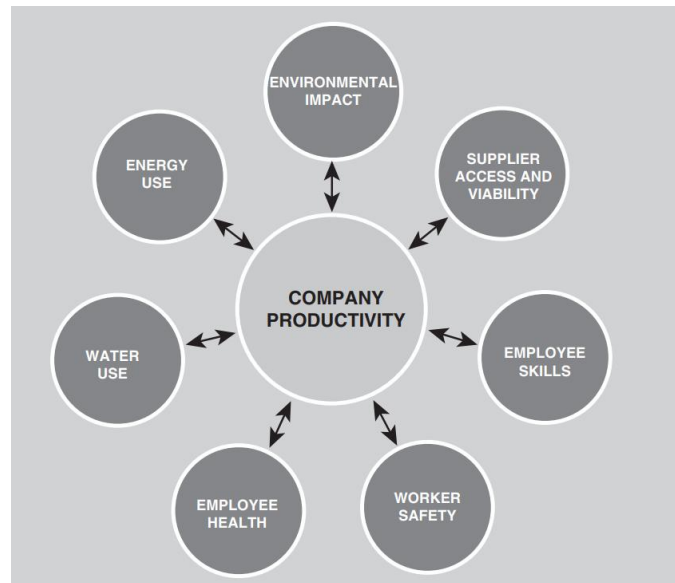


Figure 10. Increasing company productivity through CSR (Porter & Kramer, 2011)

Nevertheless, the shared value concept has its drawbacks. Porter presents an overly idealized picture of the world in which managers always choose an option that satisfies everyone. Nevertheless, in reality, of course, it turns out that in some situations there are win-win situations for the company and for society, but in fact, in most cases, companies push their interests, this time, hiding behind theory of the common good. According to Reich, all new CSR concepts may become one of the elements of a new greenwashing strategy (Reich, 2007). There are many examples of such behavior of companies, when various initiatives are presented under the guise of benefits not only for business, but also for society and the environment. For example, Apple's decision not to invest in a charging unit in the new 12 iPhones was driven by environmental concerns, which the company said would cut carbon emissions by up to 2 million tons per year (Apple, 2021). However, this solution creates an inconvenience for the consumer since he now needs to spend additional money to buy the required component. Moreover, Brazil has officially stated that this business practice is illegal and fined company for more than 2 million of dollars (Fathi, 2021).

1.3.2 Business sustainability concept

Overall, in the scientific literature, the need has ripened to systematize new approaches that considered CSR not as a "moral necessity" of business, but as a strategic decision, which is viewed not as an aid, but as an investment. Dyllick and Muff presented their systematization, calling it business sustainability (Dyllick & Muff, 2016). Here it should be noted that even though they never use the abbreviation CSR, their research deals with sustainability, which in the modern context is synonymous with corporate social responsibility. Even Porter connects these concepts, saying that creating shared value is the new CSR and it is a prerogative of sustainable business (Porter, Kramer, 2019). Moreover, Kolk states that sustainable development is just more complex and evolved CSR concept which allows to see the situation from a broader perspective, because CSR is often limited in terms of perception.




Now it is too late to talk about sustainability to create something for the sake of interests in the future. The main goal of sustainable business development should be concern in the short term, because, despite the success of the business, even in the field of CSR (which can be seen from some company reports), there is still hunger on Earth, many people do not have access to electricity and some other necessary resources for life. The theory of Anthropocene can also be cited here as it shows how relationships between human society and planet Earth has changed for the last 70 years, stating that humans have a significant influence at the Earth and one of the main responsibilities as a species is taking care of Earth (Lewis & Maslin, 2015). As for the global inequality, Dyllick believes that it happens due to the mismatch between the goals of the macro and micro levels, so business should attend to the adoption of the new sustainable development goals adopted by the UN (Dyllick & Muff, 2016).

Dyllick and Muff believe that all companies can be divided into three levels of business sustainability (table 4):

1. Level 1.0. Company provides sustainable solutions only when it is profitable. It can be compared with the vision of the strategic CSR, when company should provide these initiatives only when it adds profit to the initial number.
2. Level 2.0. Company should expand its value created over just financial value. Here we can see a connection with the shared value concept of Porter. Dyllick formulates it as managing three types of risk – economic, social and environmental. It means that three main issues of business become profits, people, and the planet (Dyllick & Muff, 2016)

3. Level 3.0. This is the present point of the journey of all corporations, which involves changing the entire organizational perspective. In the case of levels 1.0 and 2.0, it is still about what the company thinks first and about its needs. In the case of level 3.0, the primary goal of business is to solve social problems, which already makes it a bit related to social entrepreneurship.

Table 4

BUSINESS SUSTAINABILITY TYPOLOGY	Concerns (What?)	Values created (What for?)	Organizational perspective (How?)
Business-as-usual	Economic concerns	Shareholder value	Inside out
Business Sustainability 1.0	 Three-dimensional concerns	Refined shareholder value	Inside-out
Business Sustainability 2.0	Three-dimensional concerns	 Triple bottom line	Inside-out
Business Sustainability 3.0	Starting with the sustainability challenges	Creating value for the common good	 Outside in
The key shifts involved:	Broader the business concern	Expansion the value created	Change of the perspective

Typology of the business sustainability (Dyllick & Muff, 2016, p.13)

Of course, there is also a “zero”, neo-classical level – companies that are only interested in profit, but the authors call this interpretation of business destructive not only for society, but also for the economy (Dyllick & Muff, 2016)

Of course, talking about sustainability of the business one cannot mention the 17 sustainable development goals and 169 sustainability targets which were presented by the UN at the 2015(United Nations, 2015):



Figure 11. Sustainable development goals by UN (United Nations, 2021)

Modern literature increasingly begins to adhere to an interpretation that considers CSR as management in achieving these goals (Rendtorff, 2019, p.205). Sustainable development goals look like an attempt to formalize and systemize all the troubles and challenges which modern society faces. This attempt considered by many to be the most successful initiative yet about clarifying what should be done in the future. Nevertheless, there was also a criticism of SDGs – experts had two major concerns:

- 1) Extreme number of goals and targets. Some people believe that it happened due to the various lobby groups which tried to push their own ideas into the agenda (Economist, 2015)
- 2) Contradiction. For example, the goal of economic growth can go against the goal of reducing inequality because wage increasing can be in contradiction with cost of living (inequality). Of course, SDG concept has its disadvantages, it could be seen even as a mess with no concrete goal, at the time when the most important goal should be to decrease poverty (Economist, 2015).

It is a promising concept which can help formalize and unify CSR strategies of corporations, because now we all have concrete goals, we as society want to achieve and companies cannot be put aside. Especially for MNEs who are more likely to accept these goals as they have much more outside pressure.

We see that the concept of CSR has undergone significant semantic changes. Whereas in the middle of the 20th century this issue was considered from the point of view of morality and dignified social behavior, the focus has now shifted to the need to consider social decisions as ordinary investments. We are even talking about changing the fundamental goal of the company — not to make a profit, but to create shared value (or care for society and the environment). Nevertheless, how the events of 2020 changed the attitude of society towards business and its social activities. What problems and risks have emerged during the pandemic? Crane identifies several areas of CSR research, which were affected by the pandemic. The COVID-19 highlighted which stakeholders are crucial for business surviving (for example, medical system workers, deliverymen and women), nevertheless, in most of the cases these stakeholders have less rights than others which makes them one of the most stratum of the population with low wages (Crane, 2020). The pandemic has shown that the current stakeholder classification does not work during emergencies, which will require either a revision of the classification or changes in company policies. As for risks, COVID-19 showed that business, in many respects, is not ready for unexpected situations, and secondly, that business should help society to overcome the consequences of the pandemic, and work in this direction will not be counted towards the future legalization, as it perceived CSR activity, for example Smith, believing that CSR helps to manage the risk of public approval, conducting activities in the present period (Smith, 2007). In addition, the pandemic has raised a global question for everyone. What is the ultimate purpose of the business? In such conditions, there were both companies that took advantage of the situation to increase profits, and companies that put people's health at the forefront. Scientists believe that the time has come to move beyond the concept of simple CSR, and move on to the idea of sustainable business, which puts the public good, not profit, first (de Bakker et al., 2020; Dyllick & Muff, 2016).

1.3.3 CSR strategy: major approaches

Speaking about CSR, it is also worth mentioning the strategy of its development and implementation in the company's practices. When we talk about CSR in the context of management, it must be remembered that every company has three levels of management — normative, strategic, and operational (Baumgartner, 2014). CSR, as any other parts of the company should be defined starting from the normative level and align with other company policies.

<p>Normative Management – Objective Legitimation</p> <p>Determine the basic management philosophy</p> <p>Values, attitudes, beliefs, and judgments as a basis for management</p> <p>'Who are we and who do we want to be?'</p>
<p>Strategic Management – Objective Effectiveness</p> <p>Determine long-term goals and product/service-market combinations</p> <p>'What are our (strategic) goals?'</p>
<p>Operational Management – Objective Efficiency</p> <p>Organization and management of all corporate activities to reach strategic goals and guidelines</p> <p>'How can we reach our goals?'</p>

Figure 12. Management levels and goals (Baumgartner, 2014, p.263)

Of course, there are different levels of integration the CSR practices into the company strategy. Hanke and Stark distinguish three strategic levels — the corporate culture, the innovation level, and the level of civil society (Hanke & Stark, 2004). Galbreath believes that there are two levels of strategy creation — corporate strategy and business unit strategy. He also believes that CSR cannot be separated from the overall strategy, and they should not contradict each other. As for two level of strategies – this approach helps greatly in terms of this paper topic – because corporate strategy can refer to a home country of business or in case of transnational corporations, a global strategy, and business unit strategy can refer to any host country. Galbreath states that company can choose among 4 types of CSR strategy (Galbreath, 2006) (fig):

- 1) The shareholder strategy. The main goal of this strategy is to make a profit. Of course, the influence of Friedman's ideas can be traced here. Nevertheless, at the present time, this strategy cannot be called progressive, and companies following it produces social activities only under the influence of legislation, without showing any independent initiative.
- 2) The altruistic strategy. The main goal of the strategy is to help society, and free of charge. It is assumed that corporations are simply helping, with no apparent benefit to themselves. Nevertheless, talking about philanthropy, Porter says that sometimes it can be “the most cost-effective way to improve its competitive context” (Porter, 2002)
- 3) The reciprocal strategy. The main goal is to get mutual benefits. There is an immediate connection between this strategy and Michael Porter's concept of shared value. Indeed, using such a strategy, the company is counting on a kind of averaged option between charity and tough maximization of income.

4) The citizenship strategy. Here the receipt of any profit is removed from the list of the main goals of the company. The main goal is to consider the interests of all interested parties. Moreover, the company makes decisions based not only on its own interests, but also considering the opinions of stakeholders. This is the main difference from reciprocal strategy, since now the partnership of companies and various organizations is perceived as equal and both players can influence each other.

As for the time framing, of course, more complex forms of relationships with stakeholders require longer horizon in terms of calculating the effects. The whole summary of four strategies can be seen below (figure 13).

	Goal	Vehicles	Measurement	Benefactors	Benefits	Time Frame
Shareholder Strategy	Profit	Rationalization; Self-interest	Financial results	Shareholders; Others indirect	Financial	Short-term vision
Altruistic Strategy	Give back	"Check-book" Philanthropy	Donations	Community Groups and Causes	Benefits may not be measured	Intermittent; Possibly timed (e.g. annually)
Reciprocal Strategy	Mutual benefits	Public Relations; Sponsorship; Partnerships; Community activity; Volunteering; Cause Related Marketing	Activity-based reporting	The Firm and the Community	Performance; Market Goals; Human Resources	Medium- to long-term planning
Citizenship Strategy	Responsibility; Transparency; Sustainability; Accountability	Governance; Applied Ethics; Stakeholder dialogue; Input to/outflow of Corporate Strategy	Triple Bottom Line; Holistic	To firm: Survival, position, role; To partners of all sectors; To wider society	Tangible plus potentially Intangible	Long-term horizon

Figure 13. CSR Strategic Options (Galbreath, 2006, p.179)

Nevertheless, it cannot be said that these four types of strategies cover the whole picture that is now in the business environment. Moreover, a company's strategy can be composed of several parts, and includes both corporate philanthropy and the concept of shared value. Moreover, we must not forget that the company's strategies in different countries may differ. Scientists believe this is due to factors such as culture and supervisory practices (Galbreath, 2006). This is going to be one of the research questions of this study – does CSR strategy of food producers change in Russia?

Of course, a full-fledged CSR strategy should include all the elements of this concept. For example, using the interpretation of Carroll and his pyramid, the company's strategy in relation to CSR should cover both the economic component (the business must be profitable), legal (comply with laws), ethical (favorable attitude towards all stakeholders, including employees, as well as towards the environment), and philanthropic (sometimes company should help just because it can).

Hanke and Stark do not limit the number of strategies to four. Instead, they tried to create a framework, which shows the creation of a strategy as a more comprehensive process, which is based on legitimization and making sense on the one hand, and on the other — on the organizational system and its environment. They highlight four specifications — management system, accountability, leadership/commitment, and intersectoral alliances. It is a very important framework for this work as it proves that strategy is formed not only by internal factors but under the influence of external as well.

	Legitimation (passive, 'according to expectations')	Sensemaking/Sensegiving (active, 'negotiating expectations' in collective and interactive processes)
Organizational System (inward orientation)	<ul style="list-style-type: none"> • Formal implementation • Strategy and controlling • Bureaucracy (formal rules) <div style="border: 1px solid black; text-align: center; padding: 5px;">Management System</div>	<ul style="list-style-type: none"> • Sensemaking through negotiation of different stakeholder expectations: management, employees, works councils • Motivation and organizational integration • Uniqueness <div style="border: 1px solid black; text-align: center; padding: 5px;">Leadership/Commitment</div>
Organizational Environment (outward orientation)	<ul style="list-style-type: none"> • Normative requirements • Imitation • Image benefits • 'Formal implementation – but everything remains unaffected' <div style="border: 1px solid black; text-align: center; padding: 5px;">Accountability</div>	<ul style="list-style-type: none"> • Integration and realignment through negotiation between different sectors (business, government, community) resp. external stakeholders: shareholders, assemblies, governments, media, public, activists, consumers <div style="border: 1px solid black; text-align: center; padding: 5px;">Intersectoral Alliances</div>

Figure 14. CSR Strategy development (Hanke & Stark, 2009, p.513)

According to Baumgartner, strategy planning regarding CSR and sustainability can be considered through several consecutive steps (Baumgartner, 2014). However, it is worth mentioning that he looked differently at the enumeration of the strategies available to businesses in relation to corporate sustainability. In this work, we consider these concepts to be identical, since such an

interpretation takes place in modern science (van Marrewijk, 2003). As for the strategic options — Baumgartner stated that there were 4 of them:

- 1) Risk-migration strategy. Focus only on external standards and do nothing more.
- 2) Legitimizing strategy. Focus on external relationships (mostly, stakeholder management)
- 3) Efficiency strategy. Focus on ecological issues only (nevertheless, sustainability is not referred to this type of problems anymore, if we look at the SDGs by UN, we see not only clean ecology is the goal)
- 4) Holistic sustainability strategy. Focus on sustainability issues within all the business units and activities (business sustainability 3.0)

Any company which wants to create its CSR strategy should first select which type of strategy it chooses. From the list above 3 types can be defined as active (legitimizing, efficiency, holistic), the only one is passive (risk-migration). Here we can see the connection with the grouping by Galbreath. Risk-migration is like the shareholder strategy, holistic has a lot in common with citizenship. It means that there can be many variations of defining the types of strategies but overall, we have four major patterns: companies that are not involved in CSR at all, companies who do engage in CSR but still predominantly focus on profits, companies that engage and want to look good, and companies that treat CSR as a major part of the strategy.

What influences the decision of the company to become passive in terms of CSR? Baumgartner believes that the major factors are contextual factors which refer not only to the internal policies at the company but external policies at the state and society as well (Baumgartner, 2013). After determining the context, a company should plan the strategy — set long-term sustainability objectives and plan activities using back casting and forecasting (Baumgartner, 2013, p.265). Then it should plan activities, measurements, and specific goals, which can also relate to SDGs. Only then it goes to the operational level at which managers are responsible for implementing all the initiatives (figure 15,16).

Operational management					
Logistic and material management	Production	Maintenance	Marketing	Communication and PR	Human resource management
Social and environmental aspects within the supply chain Use of recycled materials Supplier assessment	By-products, waste, emissions Health and safety Technology, Cleaner Production, Zero Emission Production planning	Minimizing of production losses Sustainability oriented maintenance management	Integration of sustainability in marketing strategy (timing, pricing, market segmentation)	Creditability Transparency Product declaration, labels Public relations Sustainability reporting	Competence development Training

Figure 15. Operational CSR Management (Baumgartner, 2013, p.265)

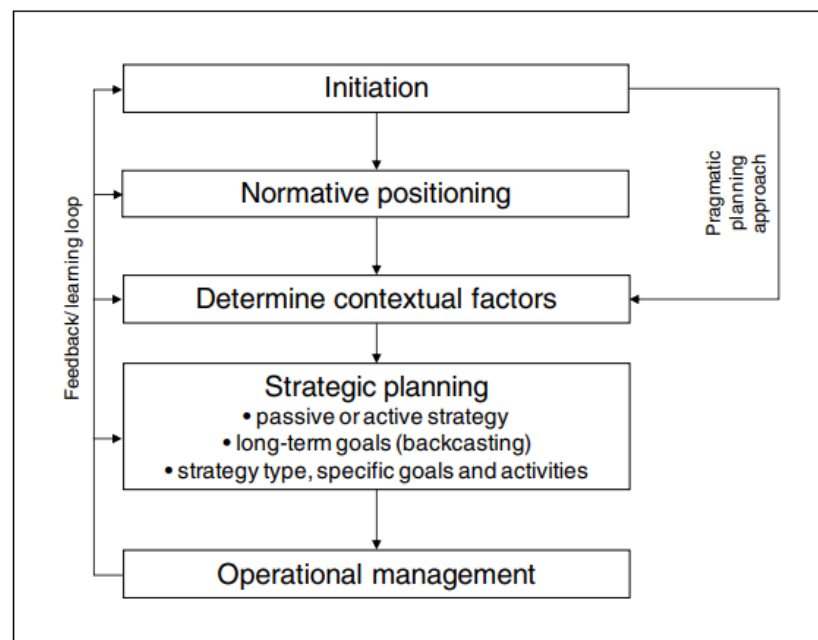


Figure 16. Structure of the CSR management (Baumgartner, 2013, p.265)

As we found out, planning of a strategy is influenced by the environment, which is represented in the form of normative requirements and various stakeholders. Normative requirements are defined by the institutions which are presented in the place where the company plans to build a strategy. Nevertheless, institutions are not in the direct scope of this paper as it is interested in the influence of stakeholders.

Furthermore, an important question arises: how can companies in other ways manage CSR and important stakeholders? One of the most popular options is CSD — corporate social disclosure, information provided by companies regarding their activities in the field of all stakeholders (Gray

et al., 1995). We also should mention that CSR reporting can be seen as the option to provide the CSR strategy and actions for the public and as we found out that strategies can adapt due to the stakeholder influence, disclosure adapts and changes too. CSD is directly influenced by the stakeholders and companies provide much more detailed disclosure with the issues that are related to the most important stakeholders (Roberts, 1995). Nevertheless, Roberts investigated only the influence of stakeholder power, without urgency and legitimization. On the other hand, Vittola investigated the influence at the CSR quality by various stakeholder groups such as clients, NGOs, employees, shareholders, and governments. He found that pressure of each stakeholders affects the quality of the reporting throughout more detailed topics description (Vittola, 2019, p.12).

1.4 Factors influencing CSR strategy among countries.

This section examines the different groups of factors that influence the adaptation of CSR strategies in different countries. Two groups of factors are identified — institutional, and factors related to stakeholders. The focus of this work is to study the influence of stakeholders, however, the influence of stakeholders from the institutional environment is established, thanks to the models of Williamson and Wheatley. It also presents the features of the Russian institutional environment in the context of CSR and assumptions about how they can influence the CSR strategies of international corporations. As a result, three research questions are derived, which must be answered in this study.

1.4.1 Institutional and stakeholders' influence

CSR can differ among countries. There are several articles that found differences between CSR disclosure in different countries because of the different stakeholder prioritization due to the difference in institutional environments. For example, Golob conducted the comparative context analysis of the reports in Slovakia and Australia and found out that Australian reporting mostly focused on management, the products of the company and financial considerations, whereas the dominant topics in the Slovenian reporting were dedicated to the community, employee, and environmental concerns (Golob, 2007).

There was another study conducted by Bashtovaya who compared the reporting of the Russian and American electric companies and concluded that institutional differences between these countries are quite big, therefore, priorities are made for completely different stakeholders. For example,

Russian companies care more about charity and simply "the behavior of a good corporate citizen", while American companies also pay attention to their employees (Bashtovata, 2014).

Laan tried to generalize this topic and to look at the situation not just on the example of two countries but on the global perspective and concluded that the extent of corporate social disclosure in annual reports is influenced by the way the role of a corporation and its stakeholders is defined among society. He found out that quality and content of the reporting companies in Denmark and the USA differs a lot because of the strong difference in stakeholder expectations and engagement (Laan et al., 2005). The research also shows that even in different countries of the European Union, namely France, Holland, and Great Britain, as well as the United States, companies disclose socially responsible initiatives in different ways, drawing these conclusions based on publications on the websites of the same companies in these countries. (Maignan and Ralston, 2002, p.512). Authors believe that this happens due to the differences among stakeholders and institutional environment. Of course, reporting analysis can be considered as sufficient method of research but you cannot rely only on it because companies can idealize picture when provide some public information. Nevertheless, the report analysis remains quite popular research stream. For example, the work of Chapple and Moon, who reviewed the reports of 50 companies in seven countries in Asia. They found that there is no average CSR policies and activities in all countries, and that in each country the constituents of this concept have different shares. They also found that these differences cannot be explained by the economic situation, but rather by more complex framework as the national business system (Chapple & Moon, 2005).

The national business system is an institutional framework, which was presented by Whitley in 1992. His approach considers not just the institutional environment, but rather due to what institutional contexts certain features of the organization's management arise. The essence of the approach is that different forms of social structure formalize different "rules" of the game (Whitley, 1999). These rules, in turn, affect not only the structure, but also the strategies of the company. Wheatley connects this process with historical events, since institutions are nothing more than a reflection of the way relationships are organized. With the development of the economy, economic relations also developed, so now we are talking not only about such concepts as property rights, trade, etc., but also about corporate personality, retraining institutions, workers 'and employers' organizations (Morgan, 2007, p.128). We can connect the difference of stakeholders with differences in business systems because stakeholders are nothing more than a result of the business system.

In the context of the institutional approach, it is also necessary to mention the Oliver Williamson and his institutional system he suggested in the 2000. At the first level, there are institutions that are created thanks to informal rules (norms, traditions, religion, culture). As for the second level, these are institutions that determine the formal rules by which any economic transactions are carried out. According to Williamson, the formation of property rights is extremely important at this stage, since without this the free market simply cannot function (Williamson, 2000). At the same time, the guarantor of this right is the state and such institutions as laws and policies. As for third-level institutions, they refer to ways of adjusting to the rules set by the higher level. It means that the organizational structure is being built at this level. Here the theory of transaction costs comes to the fore, since according to Williamson, it is precisely the reduction of transactions that is the main task of any organizational structure. Therefore, the organization must choose such a form that minimizes their volume (Williamson, 2000). Finally, the fourth level refers to the processes of resource and employment allocation. Here we can say that it is continuous process with using concepts such as neoclassical economics and agency theory (firms are described through a production function). Williamson believed that neoclassical theory can only work at the last level, when all the institutions that affect the work of the firm are described in advance (Williamson, 2000).

Consequently, these approaches are very similar in terms how they see the evolution of the institutional system. Nevertheless, there is one major difference – Williamson put culture into the level of informal institutions, while Whitley identified cultural system as one of the four key features of historically grown national institutional frameworks apart with the political system, the financial system, the education, and labor system (Whitley, 1999). Moreover, if we connect institution levels with stakeholder expectations, we see that at the first level there are expectations which are referred to the traditions and usual norms.

Moreover, national business system truly influences the CSR performance of the firm, for example, it is proved that firms which are in more liberal market economies usually achieve higher results of corporate social performance than firms, which are governed by the more coordinated European authorities. Therefore, it means that in general companies in which CSR is an explicit element of corporate policies have better results on CSP than companies with CSR as an implicit (Matten & Moor, 2008).

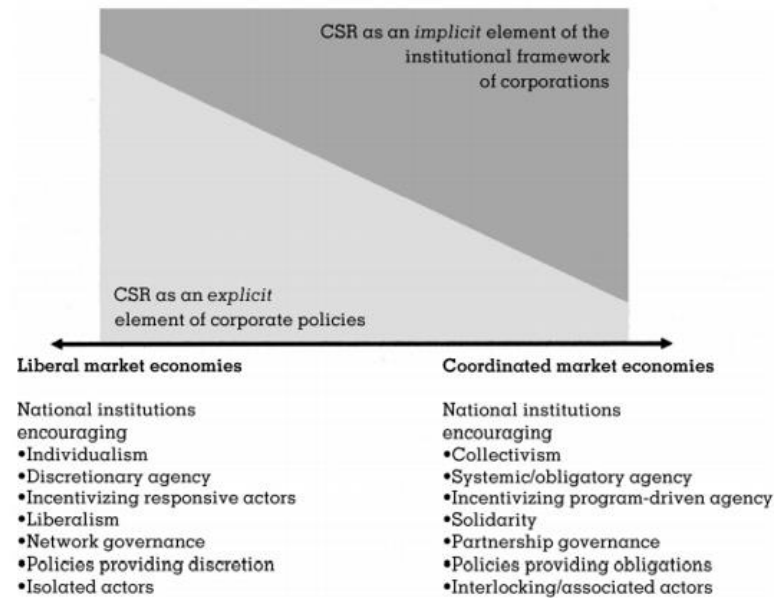


Figure 17. Implicit and Explicit CSR (Matten & Moor, 2008, p.9)

Nevertheless, this framework does not explain how companies adapt their strategy in the conditions of entering the new market: it mostly tries to explain why companies CSR strategies differ at different host countries.

The same idea is reflected in many other studies, where the main research goal is to build a dependence between national-level institutions and firm social performance (Ioanou, Serafeim, 2010). Others are focused on proving the relationship between institutional environment and the national CSR index (Halkos, 2016, p.1155). The work of Halkos is built on another famous institutional framework in connection with Campbell's CSR framework where "institutional theory of corporate social responsibility consists of a series of propositions specifying the conditions under which corporations are likely to behave in socially responsible ways" (Campbell, 2007). This framework consists of propositions about CSR actions of company and in which situations they are more or less likely to do so and what should be done to have more social responsibility among corporations (Campbell, 2007):

- 1) If companies have relatively weak financial results and opportunity for short term profitability is limited, they are less likely to behave responsible.
- 2) If there is too much or too little competition, companies are less likely to act socially responsible.

- 3) Corporations are more likely to act in a socially responsible manner if there are strong and well-enforced government regulations that enforce this behavior (especially if these regulations are based on negotiations among corporations, government, and other stakeholders).
- 4) There should be a system of organized and effective self-regulation of the industry, in which company operates in.
- 5) There should be some external control in forms of NGO, independent press and other organizations which can monitor the company and have opportunities to change it if necessary.
- 6) There should be official normative calls for companies to behave socially responsible.
- 7) Companies should belong to trade or employer associations but only if it supports social responsibility.

These criteria lack clarity and specificity. There is also no practical part at his research, the author draws these conclusions only from the existing literature. As we can see, Campbell states only “implicit” reasons for increased social behavior of the firms, stating not only social reasons (presence of NGO, associations, self-regulation of the industry) but, for example, economic reasons as well (low opportunity for short-term profit can be seen as economic recession or even crisis).

Talking about economy and CSR, we can remember the thought of Williamson who said that institutions suffer and stop in development at the time of economic crises (Williamson, 2000). This thought suits to the exploration of the CSR itself as an institute.

Belousov believes that CSR as a point became absolutely in demand and turned into a kind of dogma, which at first was fixed at the informal level, and then moved to the formal one. Such experience generally corresponds to the laws of historical evolution — informal institutions have always preceded formal ones (Belousov, 2015). Moreover, socially accepted norms, as a rule, are formalized in society much later, only partially being implemented in the form of legislative acts, prescriptions, and other fixed rules. In some countries we already can see this happening, for example, in Italy, where the government legally requires companies to include in their financial statements’ disclosure of strategies regarding the environment, society and governance which also can be seen as a normative call, if we use Campbell framework (Balluchi, 2020).

Nevertheless, all these frameworks do not explain the adaptation of the already existing strategy, rather, they explain how the company's strategy is initially formed under the influence of institutions. Luckily, there is another stream of research which tries to investigate this question. Most of articles about this topic are dedicated to the investigation of the CSR strategy adaptation at the developing markets which can be explained much different institutional environment there. The research question of such articles is “What drives the CSR practices in MNCs’ subsidiaries?”. Yang stated the external conditions which influence MNE’s to adapt their CSR practices to local standards. Among these conditions are the demands of stakeholders, such as NGOs or the local community (Yang & Rivers, 2009). It is shown in the figure that there are internal and external stakeholders which influence the adaptation of the CSR strategies by the MNEs.

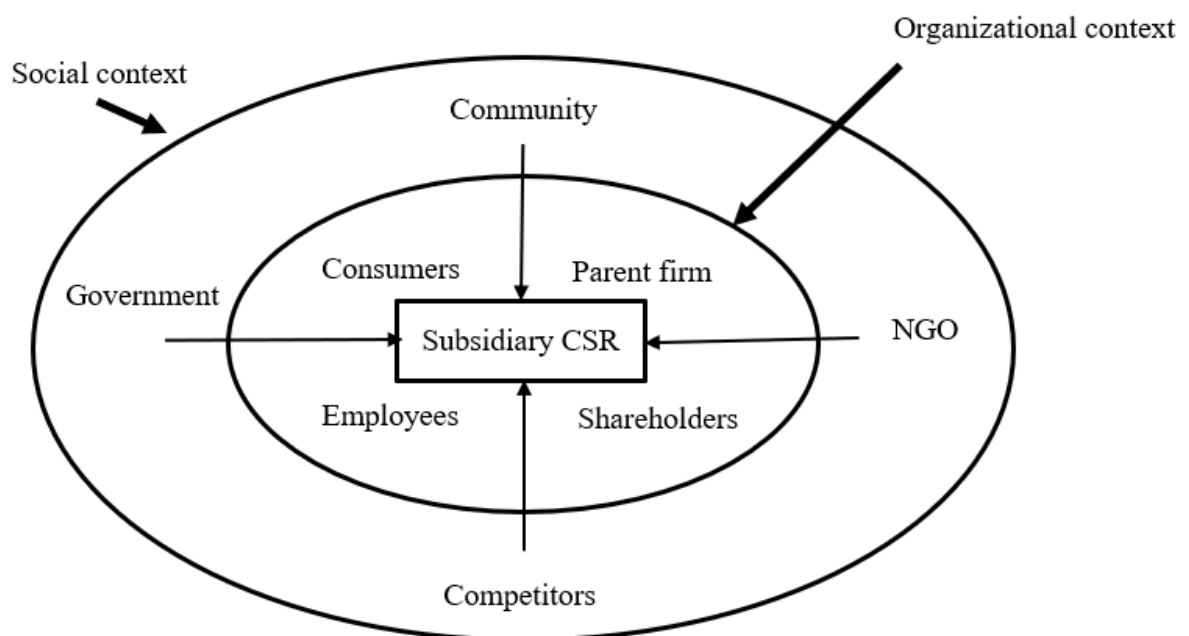


Figure 18. Stakeholders which influence the CSR strategy and practices adaptation in the subsidiaries, made by author by Yang & Rivers, 2009

Yang states that there are two contexts company’s subsidiary should pay attention to – organizational and social. The organizational context can be seen as primary stakeholders – it includes customers, shareholders, employees, and parent-firm. Social context can be referred as secondary stakeholders which have less influence at the firm – community, competitors, and NGO (figure 18). Yang also states no difference between the primary and secondary stakeholders and does not provide any data on the topic on how exactly and to what extent these groups of stakeholders differ in terms of influence. Nevertheless, it was proved that in each country there

was its own prioritization of the stakeholders by the company because they had different attributes by Mitchell or any other typology due to the institutional differences (Boesso & Kumar, 2009). It was done by Rhee in his study about how local stakeholders in Korea influence the strategic CSR activities of foreign subsidiaries. He proved that secondary stakeholders have a significant influence not only on strategic but also on the responsive CSR activities, while primary stakeholders did not have a significant influence on them (Rhee et al., 2021). On the other hand, Trapp has investigated the influence of the local stakeholders on the CSR strategy-making by international MNEs and concluded that it cannot be said for sure that stakeholders have a direct influence, they rather are taken into the account (Trapp, 2014). Nevertheless, we cannot say that companies absolutely ignore institutional context and local stakeholders while creating or adapting the CSR strategy. As for the institutional context, Yang believes that when a company appears at the region with different institutions, it has “greater propensity to adapt to local CSR practices to deal with the greater legitimacy challenges as a result of institutional distance” (Yang, 2009, p.158). The institutional distance is basically differencing and similarities between the regulatory, cognitive, and normative institutions of the home and host country. Nevertheless, this point cannot be fully applicable to the global multinational corporations, which have global strategies and do not associate with one country anymore. Nevertheless, formal institutions maintain the second level of the institutional structure of society according to Williamson — the institutions that determine the formal rules of the game.

There are several studies that connect the legislation of the country and commitment of companies there to the CSR initiatives (Aureli et al., 2018; Kapoor & Dhamija, 2017). Aureli has researched the case of Italy — the government there has decided to make companies provide mandatory CSR disclosure and it highly increased the number of them. Kapoor’s topic was researching the connection between mandatory spending of two percent of companies profit on the CSR activities and number of moneys spent on the socially responsible projects. Indeed, this number has increased and in the first year, 74% of all companies have already paid.

All in all, we can confirm that institutional theory influences the differences between stakeholder among countries, and global MNEs must adapt their strategy for each market they operate in. It means that we should determine the context of the Russian CSR practices and to investigate how this concept was developing in general.

1.4.2 Peculiarities of the Russian CSR context

CSR can be considered a relatively new concept in Russia because private property and private companies there appeared only at the post-communist era. Nevertheless, this private business lacked legitimacy due to the privatization process which is now considered to be a failure. Kogut states that more than 70% of people received shares in the process of privatization sold them for money to the several oligarch groups; only a minority of population remained in the status of the shareholders (Kogut and Spicer, 2002, p.8). Therefore, the low status of shareholding has a negative implication for the legitimacy of corporations in Russia. Kuznetsov believes that concentration of ownership does not support the legitimacy of the corporate system (Kuznetsov & Kuznetsova, 2010, p.261). Among others, he cites the research of the Centre for Economic and Financial Research (CEFIR), which questioned Russian citizens whether they want to nationalize the businesses, and more than 50 percent of Russians wanted most private assets to be nationalized (Kuznetsov & Kuznetsova, 2010, p.261). This reflects that Russian business systems are not perceived as efficient as capitalist institutions.

Fifka has conducted the analysis of the Russian business system in 2014 and came to following conclusions about each of the system (Fifka, 2014):

- 1) The political system in Russia is still strongly characterized by its Soviet legacy and the following transition phase. For almost 70 years, there was no politics as well as liberal economic market – everything was controlled by the state until the 1991. However, the abrupt transition to a free-market economy was not crowned with success, and together with the economic crisis, a crisis began in the political system (the 1998 default and the resignation of the government). Of course, the researchers note that since 2000 and Putin came to power, he managed to significantly strengthen the political system, but the results of privatization were not revised, which is why the population remains dissatisfied with business. Moreover, Polishchuk notes that in Russia there is still a significant asymmetry of information, between business and the state, and society on the other hand (Polishchuk, 2009, p.). It is also necessary to state that according to the Corruption Perceptions Index in 2020, Russia occupies 129 out of 182 places in terms of corruption in the country with a score of only 30 points (maximum is 100) (Transparency International, 2021).

Polishchuk also notes that despite the high share of the state in the economic life of the country, if we talk about strengthening CSR practices in Russia, then the state was limited only by motivating the company to spend more on charity (Polishchuk, 2009). Nevertheless, until 2020, even charity was taxed, which greatly impeded business activities

in this direction. When participating in charity, the business had to pay taxes to the budget, the amount of which can reach 40% of the amount of assistance: 20% income tax and 20% value added tax (VAT). However, starting in 2020, a business may receive a tax deduction. It should still be said that even though the government's CSR policies are far from perfect, recently there has been a significant increase in initiatives and events dedicated to achieving the UN sustainable development goals. Since 2017, the Federal Statistics Service has been collecting national indicators to monitor the achievement of the sustainable development goals by 2030. 10 out of 12 national projects from presidential decree No. 204 are in one way or another consistent with one or more sustainable development goals. In 2020, the Accounts Chamber conducted an analysis of the public administration system for compliance with the SDGs. Moreover, in 2020, Russia for the first time officially presented an independent citizen review that examines the achievement of the SDGs from the point of view of civil society. As for corporate social disclosure, Russia has not yet adopted a law that would oblige the disclosure of non-financial statements; nevertheless, the draft of this law has been under consideration since 2019. According to the authorities, the following indicators should be included in this report:

- Economic (main indicators and the expenses for participation in social and charitable programs)
- Environmental (volume and mass of emissions of pollutants into the atmosphere and water, total costs of preserving the environment, etc.)
- Social (average wages, expenses for organizing and conducting various events for employees)
- Managerial (the number of training hours per year per employee on legal and other issues, the proportion of women leaders among the total number of employees, etc.)

However, the law does not say that the reporting data should be linked to the international GRI standard, which could potentially complicate unification and comparative analysis in the future. Nevertheless, it should be admitted that many Russian corporations have long been issuing non-financial reports and reports on sustainable development (Severstal, Norilsk Nickel, Rosseti, and many other companies, even with state participation), and they use this standard. All in all, Russian government tries to improve its CSR policies,

nevertheless, the country is estimated to be in the middle of the list among all countries in terms of CSR activities (Skolkovo, 2016).

- 2) Talking about stakeholders in the context of the political system government and all state official institutions which company should communicate with can be mentioned. As we can see, the government starts to influence at the business through disclosure projects and just in general publishing more and more documents about sustainable development so we can assume that the pressure of government influences the adaptation to the Russian context – which consists of the more amount of charity work.
- 3) The cultural system in Russia is weakly developed as public social expenditures at 2011 were only 11% from overall GDP (Poverty Reduction and Economic Management Unit, 2011), while average number in OECD countries is almost 20% (The OECD, 2020). Nevertheless, regarding the social expenditures it can be said that due to the soviet tradition of building monotowns, which were concentrated around one big business (Cherepovets, etc.), manufacturers there were seen as providers of social services (Fifka, 2014, p.193). These traditions stay even at our days, Haaparanta et al. found out in a study during questioning the 404 firms of all sizes, that “56% of the firms have their own housing or support local housing, and 73% of the firms have recreation facilities or support employee's recreation activities.” (Haaparanta et al., 2003, p. 2). Alexeeva also estimates that from 40% to 80% of all corporate donations are still tightly linked to the local communities and cities where the respective corporations operate (Alexeeva, 2008). Companies were obliged to donate and develop communities in the USSR because it was a government requirement, nevertheless, as Fifka states, due to the pressure of stakeholders' companies continued to provide these activities on the voluntary basis (Fifka, 2014, p.194).

Another part of the culture is society in general and here Putnam states that because of the communism the civil society as an institute for providing social initiatives did not form yet in Russia, because communism creates an overwhelming role of the state where civic initiatives are not developed (Fifka, 2014, p.194). The same goes for NGOs, they did not have an opportunity to be formed as influencers on the CSR policies by the Russian companies (Fifka, 2014, p.194). The same opinion can be seen at some independent CSR reports in Russia. For example, KPMG and Effie report about sustainability trends in Russia at 2020 and Skolkovo report for CSR at 2016 both state that situation with NGO is a challenge for social initiatives in the Russia (Effie Russia & KPMG, 2020; IEMS SKOLKOVO Business School, 2016). For example, more than 40% of companies at the KPMG survey had troubles or difficulties with the finding of right NGO which suits their

social policies (Effie Russia & KPMG, 2020). Authors of the Skolkovo report also state that weak presence of NGOs in Russia is one of the potential challenges which are for international companies operating in Russia. Moreover, Putin also has influenced on the NGOs by signing the foreign agent law, which decreased number of NGO business can work with (Fifka, 2014, p.194).

The cultural system affects stakeholders' local communities and NGOs. As we can see, local communities could potentially influence the companies' activities. On the other hand, it is stated that NGOs have a very little amount of power. I cannot agree with this statement and can refer to a Russian WWF subsidiary which influences at the Russian hard manufacturers by creating the rating list of the most sustainable companies and motivates these companies to provide social disclosure.

- 4) The financial system in Russia is described as a weak one. Fifka states that almost all money is in the hands of the state and several oligarchs (Fifka, 2014, p.194) and it is hard to argue with this statement. In general, after the 2014 Russian economy is going under recession, which influences the primary stakeholders of the firm – customers (and suppliers). In this case, it is possible to assume that due to financial conditions expectations of customers are much different than at developed countries: as Nielsen research shows, the main purchase factor for people is still price, not sustainable development of the producer or usage of local suppliers (Nielsen, 2020). Due to the financial situation, people lose their money each year (in terms of inflation), that is why the most important factor for them is still price. Therefore, the financial system also influences the community as the level of poverty rises almost to 50 percent of the population. (finanz.ru). It means that they can pressure company, so it gives them materiality help (charity)
- 5) As for the education and labor system, the quality of the education system has risen. Nevertheless, there is no correlation between educational quality and civic engagement like in developed European countries (Fifka, 2014, p.195). As for the labor system, there is a high dependence on employee by employers, unions do not play much of a role, so it means that employees are only defended by the law. Nevertheless, employees expect that companies behave with a responsibility towards the employees (Fifka, 2014, p.194). It means that employees can be a real power in Russia, which influence companies to act in the socially responsible manner.

All in all, there are only several identified national drivers for CSR in Russia – companies as providers of social services for employees and the immediate community as well as governmental

motivation for charity. He concludes that there are only few drivers because the business system “does not provide fertile ground for broad CSR” (Fifka, 2014, p.195).

As for the research gap we see that adaptation of the foreign companies CSR strategies has not been yet researched in Russia, which is a very interesting and unique example of the developing market, especially in the context of CSR because, according to scientists, this topic is still not discussed a lot. Bataeva evaluates the overall level of CSR penetration in the Russian social discourse as moderate, citing as an example the weak role of NGOs operating in Russia, an insufficiently developed institutional environment, a low level of self-organization of society, as well as an extremely low level of discussion in society on the topic of social responsibility of business, as well as the lack of a unified policy to promote CSR at the national level (Bataeva, 2010, p.68).

However, it should be noted that some things have changed since this study. Recently there have been many independent studies on CSR from organizations such as KPMG and the Skolkovo Institute. It is also impossible not to mention the report on social investments, which is published annually on the site of the public chamber of the Russian Federation. Nevertheless, there is very limited research about how MNEs which are believed to be the main conductors of CSR ideas in Russia (Bataeva, 2010, p.68) adapt their CSR actions or strategy in the Russian region. Moreover, Russia is an example of a developing market with history that did not include the penetration of the private market until the 1990-s which means that Russian environment is “highly influenced by western business practices which especially affect large corporations that operate on an international level” (Fifka, 2014, p.195). We can conclude that international big corporations can influence at the stakeholders and vice versa. Moreover, companies can influence themselves among industries and within industry. For example, the Social Charter of Russian Business by Russian Union of Industrialists and Entrepreneurs was released in 2007. Nowadays about 280 companies have implemented the practice of social reporting in their work. The plan is to use social report as a tool for improving the quality of corporate governance and as a means of transparency in the company's activities to improve dialogue with social partners (Platonova & Nikolaeva, 2014). Nevertheless, this initiative is voluntary and mostly for the Russian companies. If we look at the national register of corporate non-financial reports on the union website, we can see that at the category of producers of food and other consumer goods at the 2019 only four companies have published the non-financial report or sustainability report (we consider these two concepts as synonyms at this paper) – Coca-Cola, Nestle, Heineken and Philipp Morris (RSPP, 2021). Nevertheless, Russian companies are adapting to the new CSR global standards and

nowadays connect their CSR activities with the UN SDGs despite the “slow-pace of the Russian government in terms of the CSR legislation” (Blagov & Petrova-Savchenko, 2021)

Conclusion

As a result, in this chapter I have covered several important concepts for this work. First, I gave a brief history of the term corporate social responsibility, from the 1950s to modern definitions of business sustainability (which is the focus of the work). Moreover, I analyzed in detail one of the most important concepts that considers CSR from the perspective of strategic management — the theory of stakeholders, I gave different ways of prioritizing stakeholders, which is necessary for any company, for more efficient allocation of resources. Then, I analyzed the detailed construction of the CSR Strategy, starting from the normative management level and ending with the operational one. The strategy cannot be developed without considering the social context, in turn, it differs in each country, due to the peculiarities of institutional development, therefore, the concepts of Williamson's institutional system and Wheatley's national business systems were explained. Then, an analysis of works devoted to the influence of the local institutional environment and stakeholders on the construction and adaptation of already existing CSR strategies was carried out. The modified Yang model of 2009 (including such an important stakeholder as suppliers) is used as the main framework for this work. Then, after analyzing the Russian business system and its impact on stakeholders, several assumptions were made as to how these stakeholders might influence the adaptation of CSR strategies.

As for the research gap there is limited research at the topic of Russian stakeholder influence at the creation of the CSR strategies by manufacturers, especially foreign one, which already have global CSR strategy. All in all, we can see that there are a lot of research on the topic what CSR is and what strategy company can choose among the list of them. Nevertheless, there is no general understanding at what level of CSR perception food industry is nowadays, especially in Russia. So, this is the first question— what exactly are the CSR strategy types of the food sector corporations at the global scale and do they change at the Russian market? Then we should understand what factors also influence adaptation of practices and change of priorities. As we found out from the previous literature, there can be several potential groups of factors both external and internal. Nevertheless, these factors were never researched at the Russian level, which as we already found out, has some unique conditions. Moreover, as stakeholder management is dynamic and stakeholders can obtain additional characteristics, especially in the time of the crisis, we also need to investigate how CSR strategies change during the Covid-19 era. The research questions are the following:

1. Does the type of CSR strategy of international food companies change at the Russian market?
2. What are the peculiarities in the relationships with stakeholders in Russia for global food producers and how do they adapt their CSR strategies or practices because of them?
3. How does CSR strategy in Russia change in times of crisis for food producers at example of the COVID-19?

2. Chapter 2. CSR strategies of international food manufacturers: adaptation to Russian stakeholders' influence

This chapter presents the research methodology, which consists of the rationale for research philosophy, research approach and methods. The method of this work is multiple case study. Also presented are the tools with which a high-quality data analysis is made. Then the process of sampling companies that will be studied using a case study is described. The choice of the food industry for analysis is explained, because of its importance and uniqueness in achieving the 17 UN Sustainable Development Goals. A brief history of the companies considered in the multiple case study, their CSR strategies at the global and Russian levels is also presented. Then, using a cross-case analysis, we examined the similarities and differences in the adaptation of CSR strategies in the Russian market in connection with the characteristics of the stakeholders, as deduced in the chapter 1. As a result of the chapter 2, recommendations for adaptation, based on the findings, are proposed.

2.1 Research methodology

2.1.1 Research philosophy

There are five main philosophies of the research — positivism, realism, interpretivism, postmodernism and pragmatism (Saunders et al., 2016, p. 144). This is what determines the whole study because it determines the way researcher sees the development of the knowledge, which is the goal of any study. The philosophy that will be used in this study is that epistemology is different from the ontology or in other ways, as Saunders stated, there is a big difference between the real world and the theory, and the reality cannot be influenced by the theories and beliefs (Saunders et al., 2016, p. 147).

This study is carried out with the aim of examining the differences between the global and Russian CSR strategies of international food companies, as well as to find out how these differences are influenced by the stakeholders of companies in Russia. Thus, this study is an **exploratory**, since I study three foreign companies represented on the Russian market through subsidiaries.

2.1.2 Research method

The method of this research is multiple case study. The criteria for sampling the companies for cases are the following:

1. Company is an international food producer.
2. Company has a subsidiary in Russia.

3. Company provides social initiatives in Russia (including philanthropy)
4. Company is included in the Forbes list of the biggest foreign corporations in Russia
5. Company has information about its social initiatives in the form of the reports or just at the website both at global and at the Russian level.

It is important to study the global multinationals which have a lot of resources to conduct CSR activities since, as it was established from the literature review, CSR initiatives can cause significant costs in the short term, which is why it is necessary to choose companies that have a kind of "safety cushion" that theoretically allows CSR initiatives in Russia. All in all, there are seven large food producing companies which are represented in Russia – Unilever, Pepsico, Danone, Nestlé, MARS, Mondelez and Coca-Cola HBC (Forbes, 2020). All of them do provide the social initiatives in some extent.

The method of case study was chosen specifically because of the research questions, which are stated in a way to get specific information from a company representative as people who work in the CSR field and communicate with various stakeholders all the time. The inductive method of research is needed here as we want to generalize all the findings, we find regarding our research questions and generate theory from facts in the reality. Case study indeed is an inductive method of research that is why it is suitable for this study (Johansson, 2003). There are several ways to conduct case study research — interviews and/or analysis of primary and secondary sources (company reports, newspaper articles etc.). Out of seven companies four agreed to be interviewed: Unilever, Coca-Cola, MARS and Danone. These companies were analyzed with the help of the interviews and/or analysis of primary and secondary sources (company reports, newspaper articles etc.)

2.1.3 Data collection

In this study, both interviews and the analysis of secondary sources are used. The latter include the companies' non-financial reports and various analytical papers from independent sources such as Skolkovo institution or KPMG. In this study, the reports and website information for the last available year is analyzed (2020 or 2019 if company has not provided a report for the year 2020 yet). In the analysis of reports and information on the websites, attention is paid to the differences between information about CSR and the SDGs that these food companies post on the international and Russian versions of the websites and at the non-financial reports. Based on previous research, it was assumed that the information between sites differ and reports in Russia, as in the developing country, have different content than on global level. It is crucial to have interview respondents which oversee CSR initiatives in Russia on behalf of the selected companies as managers or

directors in the field of CSR in Russia (for example, Sustainable Development Leader) because they are the people who are the most familiar with the CSR situation in the companies and make all the important strategic decision regarding CSR in Russia from the side of the food manufacturers. Information was collected in the form of semi-structured interviews with open questions. There are several groups of questions:

1. CSR Strategy globally and in Russia. This section includes how managers see the company's CSR strategy at the global and at the local level. Even though this type of information can usually be found at the website of the company, a confirmation from the company's decision-maker would reflect the internal perception of CSR. Moreover, the interview includes questions on the SDGs that are a priority on the Russian market and whether the set of goals was adjusted, why it happened and whether stakeholders had influenced this change.
2. Relationships with external stakeholders. Four major groups of external stakeholders were established: local communities (including NGO), government, customers, and competitors. This interview section includes questions on how external stakeholders influence the adaptation of the global CSR strategy of the firm in Russia.
3. Relationships with internal stakeholders. Two major groups of internal stakeholders were established: employees and parent firm. This interview section includes questions on how internal company stakeholders influence the adaptation of the global CSR strategy of the firm in Russia.
4. Differences of stakeholder prioritization during crisis situations in Russia. COVID-19 has made companies to rearrange their social policies (Effie, 2021). What was the big change in Russia and was it at all?

As we can see, each group of questions is aimed at answering the research questions, which were stated in the first part of the study. Representatives of the companies have not only experience in dealing with CSR issues in Russia but also have a required expertise to make conclusions about the state of things in terms of CSR policies, stakeholder expectations and engagement in Russia.

2.1.4 Data analysis

As for the content analysis – there can be two ways of analyzing the data taken for the content analysis – through quantitative or qualitative perspective. For the quantitative approach, the

researcher is only interested in the number of word appearance at the text. As for the qualitative approach – researcher looks more at the context of the whole document. The qualitative approach suits better for this study because the main interest to investigate in depth the peculiarities global food companies face regarding the stakeholder relationships. This method of data analysis has been widely used in prior research in CSR field and proved to be efficient in revealing the extent and nature of CSR disclosures (Maignan and Ralston, 2002; Holder-Webb et al., 2009). Content analysis can be also defined as “a research method to make valid inferences from data to the context” with a purpose “to get knowledge, some new insights, and a representation of facts and a practical guide to action” (Krippendorff, 2018, p. 21). Theme analysis is used. Coding is devoted to the main theme of the study — stakeholders. They include employees and head firm, external – suppliers, government, local communities, and NGOs.

2.1.5 Validity and reability of the study

Construct validity

Construct validity should check whether the researcher has set right measures to measure the concept he or she wanted to study. Lindgreen’s advice is to use multiple case study method only, collect feedback from the respondents and use both primary and secondary data sources (Lindgreen, 2008, p.49). All of this was done so it can be said that this study has construct validity.

Internal validity

This study is an exploratory case study. Therefore, internal validity is not a concern for it (Lindgreen, 2008, p. 49).

External validity

The main issue of the external validity is that the study should be easy generalized, otherwise there is no point in its conduction. The key to get an external validity is good sampling. For this study wild sampling was used, which included beverages, dairies and food companies were taken to make generalized results. Although MARS also produces pet products, these results are important to reflect the situation in the food production market.

2.2. Food industry: major characteristics and CSR peculiarities

The food industry is interesting to analyze in that it is one of the few industries that is capable of fully working towards all 17 Sustainable Development Goals. Of course, two main goals can be distinguished — improving health and ending hunger, since they are directly related to the main activity of food companies — to produce food (preferably those that are not harmful to health, such as products containing palm oil). Moreover, the food industry is also interesting for

researching because its obligations lie in the area of food safety, which is a key element for any society and economy as government and all stakeholders in the industry should pay attention to the company (Kong, 2012, p.323). In Russia, food safety is considered as the state of the country's socio-economic development, in which the food independence of the Russian Federation is ensured, the physical and economic accessibility of food products that meet the mandatory requirements for every citizen of the country is guaranteed, in volumes not less than rational food consumption standards products necessary for an active and healthy lifestyle. Food security is one of the main directions of ensuring the national security of the country in the long term, a factor in the preservation of its statehood and sovereignty, the most important component of socio-economic policy, as well as a prerequisite for the implementation of the strategic national priority — improving the quality of life of Russian citizens by guaranteeing high living standards (Garant, 2020). We can assume that food producers gain a lot of attention from stakeholders because they are involved in the field where national security is obtained.

Furthermore, we know that stakeholder prioritization can differ from industry to industry, and it reflects also at the corporate non-financial reports (Sweeney, 2008). I believe that for food producers suppliers begin to play much more important role because of the consumers who nowadays have strong desire for food safety and a significant demand for sustainable food. On the other side, corporations should accept this demand and provide all the requirable information about all circumstances in which food is produced and offered (Beske et al., 2014, p.132). It means that suppliers should meet all the requirable sustainable standards and if it does not, then company should provide help and guidance because of the consumers who have desire for sustainable products, and it means that company should meet this demand. Topic of sustainable value chain is another big stream of research and I do not investigate it deeply in this paper, nevertheless, I just want to highlight the important role of suppliers, I believe they are obtaining all the three characteristics of the definitive stakeholder by Mitchell. Of course, there can be a debate whether suppliers have much power especially dealing with transnational corporations, but I believe that suppliers are among the most important stakeholders food business has, therefore, we need to use an adapted Yang and Rivers framework which is suitable for the food manufacturers, because they did not include suppliers (figure 19)

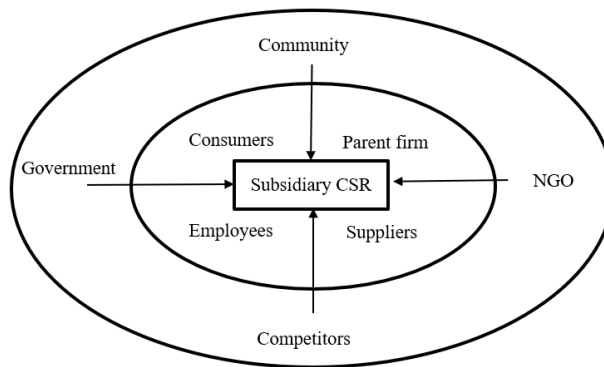


Figure 19. Yang and Rivers (2009) stakeholders' influence framework, adapted for the international food manufacturers, made by author.

2.3. Empirical analysis of food manufactures' approaches to building and adapting CSR strategies.

2.3.1 Danone

Danone was founded in 1919 in Spain, now the company's products are represented in more than 120 countries. The company employs more than 100 thousand people in 55 countries. The company ranks first in the world in sales of dairy and vegetable-dairy products, as well as second in sales of bottled drinking water.

The company came to Russia in 1992. In 2010, the business merged with a large Russian company Unimilk, which allowed Danone to increase its market share. More than 14 thousand people work for the company, and the company also has 18 factories in the territory of the Russian Federation.

Global CSR strategy

The mission of the company is one planet, one health, which can already speak of a great social involvement of the company, and indeed, from a conversation with the CSR manager of the company, this assumption was confirmed by him:

"In 1972, François Rebout said that we have one planet, so business must take a dualistic approach, and this dual approach is evident in all business processes of the company."

Danone can be described as business sustainable 3.0 company, because its overall strategy truly answers on the question Dyllick and Muff asked in the year 2016 – “How can business use its resources, competencies and experiences in such way as to make them useful for addressing some

of the big economic, social or environmental challenges that society is confronted with?” (Dyllick & Muff, 2016, p.10).

Global business goals of Danone relate to 9 major areas (Danone’s 2019 Annual Report, 2020):

- *Offer superior and innovative food experiences* - adherence to quality and product standards, organic ingredients; for naturalness and transparency; as well as simple recipes and clean labels.
- *Deliver Excellent Sustainable Profitable Growth* – provide an economic growth across the Danone Group.
- *Be certified as a B Corp* - gain external recognition of a commitment to creating and sharing sustainable value for all.
- *Influence local health* - providing good quality food and accelerating ongoing and new initiatives with partners to positively impact eating habits.
- *Brands of a growth manifesto* - each brand should have its own sustainable value.
- *Conserving and renewing the resources of the planet* - to get the principles of regenerative agriculture and use the principles of a circular economy with partners.
- *Trust people to create a new future* - employees must be part of the goals of the company's agenda, both globally and locally
- *Promoting Inclusive Growth* — promoting inclusive growth for vulnerable partners in our food chain around the world and ensuring access to nutrition for low-income communities.
- *Serve the food revolution with partners* - work hand in hand with Danone employees, farmers, suppliers, retailers, consumers, and partners, as well as civil society, governments and public health professionals.

They are also connected with the sustainable development goals by UN (fig.), company works to achieve all of them, nevertheless, it selects 7 of them, on which it predominantly focuses (figure 20 & figure 21)

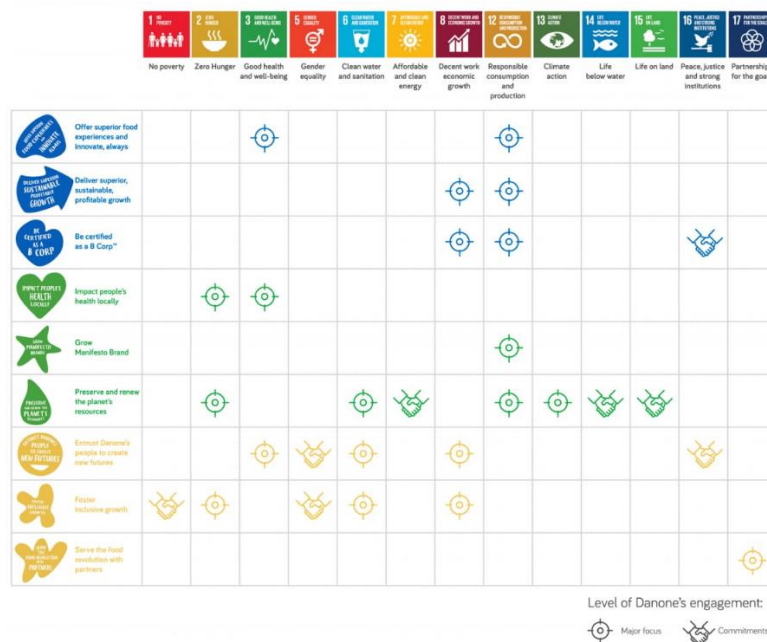


Figure 20. Connection of the Danone business goals with the UN SDGs (Danone's contribution to UN's sustainable development goals, 2020).



Figure 21. UN SDGs prioritization by Danone (Danone's contribution to UN's sustainable development goals, 2020)

The company also has selected key stakeholders for each of the UN SDG it aims to achieve. Nevertheless, this list can be seen as too generalized. For example, the company calls a stakeholder "business partners", which can include completely different stakeholders in terms of influence (suppliers of raw materials and retailers). Key stakeholders for the focused SDGs are:

- Community
- Consumers

- Business partners
- Employees

The company also evaluates the planet as one of the stakeholders. Nevertheless, in this study it is united with community because it is hard to separate one from another and all the initiatives for reducing carbon emissions and other improvements of the planet ecosystem benefits in the end society as whole (local and global communities).

Moreover, the company publishes a yearly integrated report where its disclosures all the activities and achievements regarding its sustainable goals.

As for the sustainable development strategy, which is directly in the vision of the specific department, the manager from company has stated 3 key “pillars” company focuses on:

- Regenerative agriculture
- Circular economy
- Health

CSR in Russia

The strategy of the Russian subsidiary cannot be understood clearly just from the company reporting. First, there is no separate reporting document devoted to that topic: neither non-financial one nor an integrated. All information is available at the website section “Responsibility” (Danone Russia, 2021). Moreover, the same business goals, which were stated with the connection to the SDGs, at the Russian level do not have this connection and these goals are just presented without explanation which SDGs they are attended to solve. In that tab, there are three major topics — caring for the health of the planet (reducing the carbon footprint, reducing water resources, sustainable packaging, regenerative agriculture), supplier development, social projects (cooperation with the Foodbank Russia, educational and awareness-raising projects). If using the business sustainability typology by Dyllick and Muff, Danone Russia would be a representative of the 2.0 types – business which manages triple line – profits, ecological issues, and society. Moreover, company does not provide any material assessment of the issues related to the stakeholders as it does at the global level.

2.3.2 Coca-Cola HBC

Coca-Cola HBC is the result of the merger of Hellenic Bottling Company S.A. and Coca-Cola Beverages Ltd in 2000, and the company's history dates to 1969 in Greece. In 2013, the company conducted an IPO on the London Stock Exchange. Now the company's products are represented in 28 countries. The company owns 59 factories around the world.

The company entered Russia in 2001, having bought the factories from The Coca-Cola Company. It is worth clarifying the difference between the two companies — Coca-Cola HBC is a bottling partner of The Coca-Cola Company and part of the Coca-Cola System, however, in this study they will be considered together, especially since the official sustainability report in Russia considers the positions of two companies. In Russia, the company sells the following brands — Coca-Cola, Coca-Cola Zero, Coca-Cola Cherry, Coca-Cola Vanilla, Sprite, Fanta, Powerade, BonAqua, Schweppes, FUZETEA, Burn and Black Monster energy drinks, Coca-Cola Energy, juice products under the Dobry, Rich, Moya Semya, Pulpy and Innocent trademarks (Coca-Cola Hellenic Bottling Company Russia. Portfolio, 2021)

Global CSR strategy

The CSR plays an important role in the global business strategy of Coca-Cola HBC. There are overall 5 pillars of the business strategy of the company (Coca-Cola HBC Integrated Annual Report 2020, 2021)

1. Leverage the portfolio — to have a range of products with which the company can capture substantial growth opportunities.
2. Dominate the market—to create shared value for the customers, company, and shareholders.
3. Grow through competitiveness and investments — accelerate investments in growth areas such as cold drink equipment, production and logistics infrastructure, customer service and the capabilities of the people.
4. Cultivate the potential of the people—provide employees with valuable and versatile operational experience.
5. Earn license to operate — to obtain sustainability targets company sets in the short-term and in the long-term period.

The company publishes a yearly integrated report which also shows that sustainable development and financial performance for the company are interconnected. Moreover, each of the major five pillars relates to several of the UN SDGs which allows the company to be ranked as Sustainable Business 3.0, since the idea of global assistance and influence is embedded in all business

processes of the company. As for the prioritizing the sustainability goals, the company does not clarify which goals it considers as primary (major focus) and in which it contributes. Nevertheless, in the sections about the main strategy, the pillars are most often associated with the following UN Sustainable Development Goals.

Moreover, for each part of the strategy company understands its key stakeholders, and, in comparing with Danone case, Coca-Cola HBC delineates stakeholders in a more narrowly targeted manner. Thus, among the main stakeholders, the company considers:

- NGOs
- The state
- Buyers
- Suppliers
- Staff
- Coca-Cola Company (main business partner)
- Communities

As for the sustainability targets company wants to achieve, they can be divided into the 6 big areas:

1. Climate and renewable energy
2. Water reduction and stewardship
3. World without waste
4. Ingredient sourcing
5. Nutrition
6. People and communities

Within each of these topics there are materiality points, which are then reflected in a materiality matrix, which is compiled based on a survey of 900 different stakeholders from around the world (Materiality of Coca-Cola Hellenic Bottle Company, 2021) (figure 22)

2020 Materiality matrix

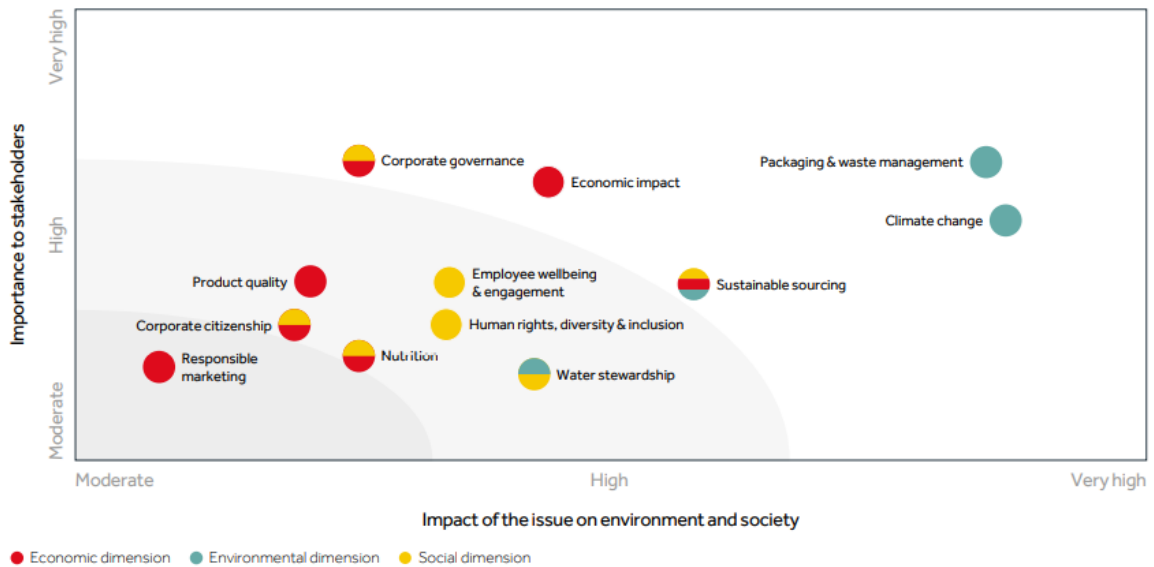


Figure 22. Coca-Cola HBC materiality matrix ((Materiality of Coca-Cola Hellenic Bottle Company, 2021)

In addition, the company holds an annual stakeholder forum where adjustments are made on their part.

All in all, it can be said that company takes CSR (sustainability) very systematically and strategically. These are the words of the company manager:

“If we are talking about sustainable development, then this is part of the main strategy of the company, this is one of the main components, relations with different stakeholders are considered. This is not to say that sustainable development is the basis for being successful in the long term. It is very difficult to ignore when part of the strategy. Everything is intertwined.”

CSR strategy in Russia

Manager of the company says that there is no change of strategy in Russia because company is connected to the global KPIs of achieving SDGs.

“SDGs are tied to global commitments (headquarters), that is why we cannot change the strategy significantly. »

As for the reporting – company even at the Russian level provides full sustainability reporting on the GRI standards (It might tell us about efficient stakeholder management and engagement.

2.3.3 MARS

MARS is an international company, a manufacturer of food products and goods for animals, appeared on the Russian market in 1991, now the company has 10 factories throughout Russia. Sales volume in 2019 — 139.2 billion rubles (3rd place among foreign food manufacturers according to the Forbes rating). The company employs 6,000 people in Russia.

Global CSR strategy

Globally, the strategy is implemented through the Mars Sustainability in a Generation Plan, which consists of three main parts — Healthy Planet, Thriving People and Nourishing Wellbeing (Mars Sustainability in a Generation Plan, 2021). However, the disclosure of CSR information by MARS is not the most detailed. Since 2018, the company has released only a 3-page scorecard report for the public, which, of course, cannot but affect the EGS rating of the company (the metric that calculates the involvement of the company's activities in social activities is regularly updated on the [csrhub.com](https://www.csrhub.com) website), at MARS it is only 62 out of 100, although it is much higher among other companies among case studies.

The respondent of the company is a person responsible for social projects in the field of animal care, this will be a limitation of this study, since MARS does not have an actual department that deals with CSR issues, moreover, there is not even one individual who would make decisions on all social projects. Nevertheless, there is no connection between company's goals and sustainable development goals by UN, the whole report looks to show only the strategic level of CSR, there is no operational level of how exactly these goals would be achieved and what actions company should take to achieve them.

CSR strategy in Russia

The company manager says the following:

"The company does not have a coherent strategy in this area. CSR is not a separate development stream on which the organization focuses. Of course, in the 2021 strategy there were several lines about the importance of participation in charity and social programs, but we can say that we are still at the very beginning. ways "

As for the organizational structure, social projects are at the same level of discussion as business issues, decisions according to their implementation are made by the portfolio director of the brand, who does not have sufficient expertise.

"Yes, perhaps it is not very effective from a management point of view, because the portfolio director does not have sufficient expertise."

2.3.4 Unilever

Unilever was founded in 1930 through the merger of two companies, the margarine manufacturer Margarine Unie and the soap company Lever Brothers, to optimize supply as both companies imported huge quantities of palm oil. The company employs more than 149 thousand employees worldwide, in the corporation's portfolio there are more than 400 brands in more than 190 countries (Unilever, 2021).

Company has entered the Russian market in the 1992. Today Unilever in Russia owns 7 large enterprises throughout Russia: factories in St. Petersburg and Yekaterinburg, a margarine plant in Moscow and a food factory in Tula, a tea packing factory in St. Petersburg, as well as ice cream factories in Tula and Omsk. Unilever cannot be called a food-only company; its products include a wide variety of consumer goods, ranging from cosmetics to cleaning products. According to a company manager who agreed to be interviewed, food accounts for 18 percent of the company's total revenue. However, in this paper, Unilever will be considered as a food company. In Russia, the company sells the following brands – Lipton, Brooke Bond, Inmarko, Knorr and Calve.

Global CSR strategy

Using the typology of business sustainability proposed by Dyllick and Muff, Unilever can be classified as company with business sustainability 3.0 approach, as the company positions itself extremely responsibly and the main goal of the strategy is to provide sustainable growth of the company. The overall's corporation strategy is called Compass and purpose of this strategy is to make sustainable living commonplace (Unilever Compass, 2021). There are 5 main strategic choices and actions company wants to achieve:

- Develop portfolio into high growth spaces.
- Win with brands as a force for good.
- Accelerate in USA, India, China, and key growth markets.
- Lead in the channels of the future
- Build a purpose-led, future-fit organization and growth culture.

The company also has goals and objectives aimed directly at solving the problems of sustainable development, here we can single out 10 points on which the company focuses (Unilever Planet & Society, 2021):

- Climate action
- Protect and regenerate nature
- Waste-free world
- Positive nutrition
- Health and wellbeing
- Equity diversity and inclusion
- Raise living standards
- Future of work
- Respect human rights
- Responsible business

All these points relate to the UN SDGs, the most important goals are:



Figure 23. Prioritized SDGs by Unilever (Unilever Annual Report and Accounts, 2021)

The company also publishes a yearly materiality matrix where it highlights 169 topics which are important for the sustainable development. The most important issues both for business and stakeholders are the following (Unilever Materiality Matrix 2019/2020 – Issues and Topics, 2020):

- 1) Climate change
- 2) Packaging & waste
- 3) Water
- 4) Human rights
- 5) Sustainable & responsible sourcing
- 6) Trusted products & ingredient transparency

CSR strategy in Russia

In the Russian market, the company also adheres to the global Compass strategy, in May 2021 it was introduced to the Russian market. It includes the same 10 points that have been voiced at the

global level. Company also publishes yearly sustainability reports where it highlights the major achievements regarding the global goals (2020 Sustainability report in Russia by Unilever, 2021). Nevertheless, reports at the Russian level are not that deep-structured, nevertheless, this is a good thing for stakeholder engagement. Unfortunately, company does not create materiality matrix at the Russian level, at least, it does not publish it for the public access (as Danone does).

Company manager, speaking about the company's CSR strategy, says the following:

“We believe that the sustainability strategy and the commitments we undertake are a daily part of the business.”

2.3.5. Comparative cross-case analysis

With this type of case analysis, we find the similarities and differences in the stakeholder management of the companies in Russia and in the influence of stakeholders on the local CSR strategy.

Differences between CSR strategies at global and at the Russian level

The types of CSR strategies of companies according to Baumgartner's interpretation, according to non-financial reports of companies, sustainable development strategies for the global Danone and Coca-Cola can be called holistic, since they fit the definition of "focus on sustainable development in all business activities." As for MARS, the company's strategy is more likely to be a conservative one, since at the global level the focus is only on the environmental efficiency of production, as well as on maintaining the community, which cannot be called a focus on all areas of business activity.

As for Russian subsidiaries, after interviews with CSR managers of Danone and Coca-Cola, their strategy can also be described as holistic sustainability, since the CSR department is embedded in all business processes, moreover, in the case of Danone, the department's activities constantly overlap with the activities of other departments. Manager in Danone referred:

“In the work meetings regarding CSR there are always representatives of different committees.”

On the other hand, company MARS, according to the representative, does not have a strategic approach to CSR, since it does not set itself, any long-term goals related to sustainable development; moreover, in 2021, CSR was mentioned only once, moreover, only from the point of view of charity.

Nevertheless, the lack of the strategic approach does not mean that company lacks CSR strategy. Using Baumgartner typology MARS has an extroverted strategy both at Russian and at global level, because CSR for company is just a way to maintain relationships with external stakeholders such as community or government.

Table 5

	<i>Type of strategy</i>	
	<i>Global</i>	<i>Russia</i>
MARS	Legitimizing	Legitimizing
Coca-Cola HBC	Holistic sustainability	Holistic sustainability
Danone	Holistic sustainability	Holistic sustainability
Unilever	Holistic sustainability	Holistic sustainability

Types of CSR strategies of companies at the global and at the Russian level, made by author.

Using the approach of Galbreath that CSR strategy making can be seen in two levels – as corporate and business-unit (Galbreath, 2006), we see that strategy of the business-unit does not change from the corporate strategy and it can be explained through withholding power of the parent firm (Yang, 2009). The managers from all three companies approve that they do not have a possibility to go against the corporate strategy, moreover, in case of Coca-Cola HBC, local managers have an opportunity to influence the global strategy, because it is discussed with the help of all the subsidiaries, therefore subsidiaries do not change the type of strategy at the local level. The Coca-Cola manager says the following:

“When a strategy is being developed, the subsidiaries are involved because SDGs are tied to global commitments of the headquarters.”

On the other hand, Danone Russia gets more freedom and have an opportunity to even change strategy, nevertheless, it can do so only by adding some parts but not reducing, as Danone in Russia has done:

We have good decentralization at Danone, we have a common framework that can be transformed locally. At the global level, the company has 3 main sustainability pillars — regenerative agriculture, circular economy, and health, in the Russia we had to add another one — trust and social involvement — it included the participation in associations, communication issues, increasing involvement. Social responsibility was not part of the global strategy for sustainable development, because it is assumed that they are integrated

into other processes. This is not the case on the Russian market, which means you need to separate it into a different stream. In this stream we also include donations and educational projects.”

The Russian division of MARS, which does not have a strategic approach to CSR and a written development strategy in this matter, on all systematic social activities depends on the global head office, since all initiatives related to marketing campaigns dedicated to charity are also coordinated with the parent company and are the part of it.

Stakeholder influence on the CSR strategy

7 stakeholders were identified which can influence the adaptation of CSR strategies of food companies – suppliers, community, consumers, government, local employees, competitors, and parent firm. In the following section the examples of influence by each stakeholder are examined.

Government

In this paper, the federal government will be assumed as legal institutions and a legal system, since the government is the body that implements the laws, and therefore is in close contact with large companies that are affected by this law. Yang stated that companies are more likely to adapt if there is a robust legal system, which penalizes for any misconduct. The legal system of Russia, as it was found earlier, is robust, laws on social responsibility do not provide rewards for initiatives considered socially useful, they provide a penalty for failure to comply with this or that requirement.

The most recent example that has the most impact on CSR strategies of food companies is the amendments to the Extended Responsibility of Producers (ERP), which will come into force on January 1, 2022. According to the text since the beginning of the practical implementation of the ERE concept, it is necessary to achieve a complete balance between the packaging released into circulation and its disposal, which is one of the subtopics of the 12th UN Sustainable Development Goal – responsible consumption and production. Entrepreneurs will have a choice: to dispose of the packaging that has fallen into solid municipal waste on their own, to hire a specialized contractor for this, or to pay an environmental fee (RBC, 2020)

Previously, the ERP provided collection of only 30% of the equivalent volume of plastic, which was a suitable figure for the level of infrastructure that exists in the country, according to representative of the Coca-Cola HBC:

“Previously, it was 30%, these are realistic figures considering the infrastructure. Coca-Cola HBC Russia stated to collect the 70% volume of total plastic sales by the 2030. The strategy at the global level is to collect 100% volume of the packaging by 2030 worldwide. Each country sets its own goals in terms of volume, there is no such thing that in all countries of the world there is a goal of 100%, because not everywhere there is infrastructure, the percentage is distributed around the world, somewhere 120%, somewhere 50%. In Russia, we understood that the infrastructure was unlikely to grow on its own, so we adapted our strategy and understood that it would not work out like in the west European world.”

How are companies going to adapt their strategies when country conditions do not allow them to collect 100% plastic equivalent? Coca-Cola, Unilever, and Danone have adapted their CSR strategies in a way that now the collection and processing of plastic waste is carried out by companies not independently, but with the help of the RusPro – an association of manufacturers and importers who independently fulfill the standards for the disposal of waste from the use of goods and packaging.

“Of course, we adapt and evaluate our options of communication – for example, through a business association where we propose concepts — RusPro, we communicate with the state, convincing that 100% recycling rate without prepared roadmap and transition period is unreasonable, this can affect pricing, explain that this can negatively affect the intensity of ecological projects in the future. Of course, we do not change the global strategy because of this, because the global strategy states that we are moving towards recycling 100% of the equivalent of packaging, but this forces us to reconsider our approach and look for new options.” (Danone manager)

“We are for the manufacturer to collect the packaging himself, but we look with caution at the 100% eco-collection. We adapt through the creation of RusPro.” (Coca-Cola HBC manager)

“Of course, we have joined RusPro because it is much easier to develop projects in collaborations. Moreover, we started to seek partnerships with other stakeholders, for example, the retail chains and we developed the new packaging standards together with X5. The more lobbying and participation from all sides, the better.” (Unilever manager)

This association has three goals (RusPro association, 2021)

- 1) Ensuring that the members of the association comply with the standards for waste disposal from the use of goods and packaging in accordance with the laws of the Russian Federation.
- 2) Conclusion of contracts with a plastic processing operator in accordance with the laws of the Russian Federation.
- 3) Implementation of advertising, information, and educational activities to raise awareness of individuals and legal entities about the importance of recycling waste from the use of goods and their packaging, increase the level of social and environmental responsibility of individuals and legal entities when handling waste, form a culture of separate collection and waste disposal.

In addition to its contracting function, which will help to have a greater impact on recycling operators due to the influence of the industry players who have come together, the association will also carry out an educational function regarding recycling, which is also associated with the increase in the level of plastic recycling. This means that there is a need to get more involved with a stakeholder like the local community, who will join recycling initiatives after companies have made them aware of the benefits of the case.

The MARS respondent could not say anything about adaptation because of the state influence apart from that company complies with all the laws presents. Nevertheless, the company is not present at the RusPro association but has some conjoint projects with it, for example, a pilot project for the collection and recycling of flexible plastic packaging (from snacks, chocolate, etc.). The goal of the project is to develop infrastructure for the collection and recycling of waste, which until today in Russia and most countries of the world were little recycled, so there was no interest in their collection.

There is another legislative problem that touched one company from the case study but could potentially affect every company in the food industry — the presence of mandatory product labeling. So far, this initiative only applies to ice cream production without and therefore the company is forced to use its influence in the media.

Table 6

	<i>Adaptation of the strategy because of the ERP</i>
MARS	Conjoint projects with competitors
Coca-Cola HBC	Business associations with competitors, conjoint projects with competitors
Danone	Business associations with competitors, conjoint projects with competitors

Unilever	Business associations with competitors, conjoint projects with competitors
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Companies' reaction to the new ERP law, made by author.

Other laws that also influenced the adaptation include the return of the business tax deduction for participating in charity, which was canceled in 2005. Thanks to the deduction, companies can donate products, in fact, without paying the tax that the business was previously imposed on. This happened in 2020, during the coronavirus pandemic, just as the demand of the population for charity from companies increased. All three companies, as a result, began to donate much more to charity and began to pay more attention to this type of CSR, since now the company did not lose money on this, and products that came to the end of their shelf life could not be disposed of, but sent to those in need.

“After the abolition of the tax on charity, it became much easier to donate and our volumes of charity increased, because it was not profitable for us to participate in the past. Now we are transferring all products to the Foodbank Russia, they have everything transparent, a well-built structure, unfortunately, they are the only representatives in this area.” (Coca-Cola HBC manager)

As for the state, as the initiator of a more systematic approach to sustainable development, which is contained in mandatory non-financial reports, this applies only to Russian public companies and does not apply to the companies of this case study. All four companies noted that negotiations with the federal government are very long and are not very specific, which makes it difficult to specifically adapt CSR Strategies. The Unilever manager says the following:

“This is a long and hard process to communicate with the state for responsible measures.”

Any company cannot influence to the legislation system alone. To this end, in 2005, the largest manufacturers of packaging and consumer goods established the Industry for the Environment Association (RusPEC). Its goal was the formation of transparent legislation in the field of packaging waste management for the independent implementation of Extended Responsibility of Producers (ERP). RusPEC includes all three companies from this study. Summarizing the relationships of food producers with the state I can quote the Coca-Cola HBC manager:

“As for the recommendations to the state I can say two things — do no harm and learn.”

Local communities

Yang states that the strength of the community voice influences the adaptation of the CSR strategy to the local practices of the emerging countries (Yang, 2009). In this case, local practices can be considered charity. Respondents from all three companies agree that in the social discourse CSR is mostly a synonym for the corporate philanthropy and voluntary work. Using the strategy creation framework by Baumgartner we can see that this is a very bright example of the local context which influences the strategy formation. As an example of this, we can refer to the representative from Danone, who acknowledged the presence of additional parts in the sustainability strategy of the company, which are referred to the charity work. The representative of the Coca-Cola HBC confirms this:

“Yes, for Russia CSR is more about charity, and all FMCG producers revolve around this in consumers communications, because we see that some more comprehensive communication could be failed and not be understood by majority due to lack of knowledge on sustainability matters. But in the same time this “simple” approach to consumers’ communication doesn’t mean that in the core of our business processes we don’t follow sustainability concept. We have a holistic way in this field. Now everyone is looking for solutions which could help consumers to follow principles of sustainable living and wellbeing easily and at the same time try to communicate with them on “their language” about social and ecological problems”.

MARS company also acknowledges the influence of the community voice on its strategy, nevertheless, in their case the main influence goes from various NGOs that ask for help (mostly dog shelters). Moreover, all global initiatives which are aimed to gain recognition, for example, for Pedigree brand, as for the number one pet brand which cares about dogs, are adapted in the Russian market in such a way, that company spend more time explaining people why they should take dogs from shelters, communication with a community is a different because of the little amount of knowledge people have about social issues and benefits from their solving.

Another influence of local communities is manifested in the low level of awareness of social issues. This was confirmed by the respondents from each of the 4 multiple case study companies. In the case of Danone, the company had to introduce a separate stream in the strategy, which deals with increasing the involvement of society; in the case of MARS, every global social initiative also must be adapted to the Russian market, with an emphasis on community education. The Coca-Cola project "World without Waste", piloted in Kazan, also had to be slightly changed, since

initially the residents simply did not carry plastic for recycling, although the entire infrastructure was made for this. The Coca-Cola HBC manager says the following:

“The infrastructure was set up, the city is also focused, there is a waste-collection point in every yard, but people do not participate well, they are not very actively involved. The next task (adaptation) is educational, to increase confidence in the regional recycling operator. It seems to you that everyone knows that this is important, but this is far from the case, not everyone wants to take part, and this must be considered. Initially, we thought that the whole problem was in the infrastructure, then we made the infrastructure and realized that there are problems with the education of people. Now in Kazan and in other cities of program in the future we focus more on education.”

The Unilever manager confirms that there is a community influence on the CSR and says the following:

“For me, company’s CSR in Russia is about raising consumer awareness, improving circular economy standards and overall responsibility. We try to communicate with people on an equal footing, honestly and fully convey all the information.”

Table 7

	<i>Providing more charity</i>	<i>Increasing of awareness</i>
MARS	Yes	Yes
Coca-Cola HBC	Yes	Yes
Danone	Yes	Yes
Unilever	Yes	Yes

Companies’ actions regarding to the peculiarities of the Russian local communities, made by author.

Nevertheless, community voice can be represented in the form of the various universities, for example, in the case of Danone there was a joint research with the Skolkovo university about the food waste problem, which, on the words of the company manager has triggered the company’s newest program – League of the Zero waste – educational project which highlights the problem of the food waste in Russia (which is worse than plastic problem)

Table 8

	<i>Influence of the educational organizations</i>
MARS	Charity
Coca-Cola HBC	Conjoint projects
Danone	Conjoint projects
Unilever	Conjoint projects

Types of actions company do regarding the peculiarities of the Russian educational organizations, made by author.

Nevertheless, all three companies agree that there is no influence from the NGO side on their strategies and actions because in most cases they teach organizations how to be more financially efficient. The representative from Danone says the following:

“In Russia, NGOs are still poorly developed, and expertise is more on the side of companies. Known issue. That NGOs are kind people, but they are not so deep into business. I would not call majority of NGO’s representatives’ experts, with exception of some of them – like Foodbank Russia and some others.”

Nevertheless, in the case of MARS, company manager confirms that they use NGOs expertise, and they are the ones which comes for charity, it means that NGO for MARS can be seen as a contextual factor which makes them to set other goals in the CSR strategy (according to the Baumgartner framework)

“Non-profit organizations have an influence on the strategy of the company for sure because they themselves come and ask for help. NGOs provide expert support, because they have experience, the company helps with products or money.”

Table 9

	<i>Influence of NGOs</i>
MARS	+
Coca-Cola HBC	-
Danone	-
Unilever	-

Influence of the NGOs on the companies’ activities, made by author.

The situation is quite different in the case of regional governments, which allow the implementation of practices and initiatives previously announced only at the global level. For example, Coca-Cola and Danone have joint projects with cities, such as Kazan and Lipetsk, where it is planned to introduce a circular economy, that is, to collect up to 100% of the equivalent of all plastic sold by the company. This would be impossible without the influence and development of regional authorities, which formalize partnerships with companies at the official level. In addition, such projects also carry an educational message, educating the local population about the topic of waste recycling. Thus, these partnerships influence the implementation of such SDGs as responsible production and consumption, working with both production problems (producers) and consumption problems (buyers). MARS also has projects with the regions, but they all can be described as charity, for example, the Moscow oblast asked the company to provide several playgrounds for dogs or company has an official partnership agreement with the Odintsovo district and buys school supplies for schoolchildren. Here we cannot say about adaptation of the strategy because it is partly the stakeholder management with the regions company is presented in, it can be referred as part of the operational management.

Table 10

	<i>Influence of the local government</i>
MARS	Corporate philanthropy
Coca-Cola HBC	Conjoint projects (Kazan)
Danone	Conjoint projects (Green City Lipetsk)

Influence of the local governments' peculiarities at the CSR strategies of the international food producers, made by author.

Customers

Consumers can influence companies by changing preferences, with more involvement in the issues of what company does in addition to its main activities, as well as what kind of products it produces (Yang, 2009; Martinez & del Bosque, 2013). It influences the loyalty of the customer. Companies' representatives say that it becomes increasingly popular in Russia. Therefore, companies whose products were not previously associated with a social position and the promotion of a responsible lifestyle are beginning to include CSR elements in the brand

strategy, thereby adapting the CSR strategy from a marketing point of view. However, according to Coca-Cola, these initiatives can be seen as a greenwashing, therefore, the company approaches this issue carefully.

“We make decisions only from the data, for example, from Nielsen's reports, we see that the percentage of people who make a purchase decision based on ethical reasons is growing. Domestic large retail sometimes looks over the top to the side of reputation effects, but nevertheless, it really began to work on doing business in the paradigm of sustainable development. Therefore, right now there are more and more joint projects in the field of sustainable development between manufacturers and chains. We rarely used brand communication for Sustainable Development topics in Russia before, but now we see that our consumer is ready to communicate on such a topic here. It is important, however, to be as open and transparent as possible for consumers so that words do not diverge from deeds, and our communication would not be interpreted as greenwashing.”

MARS company also starts to be involved in the branding communication through CSR.

“There is an influence from customers on the brand. Charity is relevant for people, it affects business. We decided to launch the program “Global Adoption” in 2020, globally it has begun earlier. The point is that we provide adoption information on the packaging of the product. The Russian market is already ahead of global figures, a new program is starting in Russia, because there is an interest from consumers.”

The consumer preferences regarding the products also influences the strategy. For example, the demand for plant-based milk has increased in such a way that Danone even has opened a factory in Russia, which produces plant-based milk because the company saw that consumers were getting more used to it, and it stopped being a niche product. Moreover, with the increasing demand, the company had to seek new options of selling, because, as it was stated, the financial system in Russia is weak and many people cannot afford products on high prices. The company has found a solution — to produce different types of packaging volume, maintaining the different price level.

“We made a plant to produce Alpro in Russia, and then began to produce different volumes (600ml) to offer different options for pricing policy, because we see an increased interest of buyers but not anyone can afford the one-liter package.”

Suppliers

For the food business, suppliers are extremely important as they are key parts of the supply chains and companies which apply strategic approach to the CSR should also pay attention to the suppliers they partner with. Suppliers as members of the communities they live in did not have much knowledge about sustainable agriculture, which is one of the key points of CSR strategies for companies who choose to use holistic strategy. It means that in Russia it becomes a separate stream of strategy, which should help suppliers to obtain all the required production standards. Both Coca-Cola and Danone have these standards and moreover, they teach suppliers how to be more sustainable. The brightest example is the Milk Business Academy by Danone, a project created to educate dairy professionals in the latest practices and techniques to help improve the efficiency of dairy farms. The main task of the MBA is to increase the volume of high-quality milk on the market and make it more affordable for the end consumer. The project was created by Danone Russia along with dairy industry experts — the National Union of Milk Producers.

“We created MBA because we saw that regenerative agriculture is not developed and there is lack of awareness of farmers about it. We saw the opportunity and decided to develop the market. This also helps us financially. In general, this topic is not very popular in Russia, we are engaged in education through lectures and other methods. The peculiarity is weak development — adaptation is such that we try to develop it. We do not close our eyes to shortcomings, rather we look at what can be done gradually. We are realistic. A concrete example is the keeping of cows and the context of tailing. In Russia, on farms, and we look at the realities of Russian standards.”

Coca-Cola HBC also teaches its suppliers of food ingredients, mostly for juices, which the company produces through the firm Multon. The company buys apple juice concentrate in the Tambov region and shares knowledge with the supplier.

“We develop suppliers for juice ingredients to match sustainable farming. It is also cheaper, localization costs us much less money than buy ingredients from abroad.”

Unilever does not have educational programs on sustainable agriculture in Russia, but provides suppliers with access to its training platform, where employees receive training on various issues related to sustainable development.

Table 11

	<i>Influence of the supplies</i>
MARS	None
Coca-Cola HBC	Educational projects on regenerative farming, general sustainability
Danone	Educational projects on regenerative farming, general sustainability
Unilever	Educational projects on general sustainability

Influence of the suppliers at the CSR strategies of the companies, made by author.

Employees

None of the companies confirmed the presence of local influence of employees on the adaptation of the corporate CSR strategy, which does not contradict with the Fifka's statement about the employee power in Russia, multinational companies in the food area are known for the progressive employee policies. Companies provide surveys for employees and track their involvement. For example, Sustainable Employee Engagement Index for Coca-Cola HBC Russia in 2019 was 94 percent, which is a record figure throughout the whole history of the Russian subsidiary.

Talking about employees' power Danone manager says the following:

“The company uses the One Voice global employee survey initiative, where employees share their views on company priorities, and the results of this survey are used for discussion at the board level to review strategy.”

The MARS manager also says that employees of the company want to have strategic approach to the CSR, as it makes managing process much easier because of the systematic approach.

Competitors

Yang assumes that local competitors influence in terms of industry self-regulatory practices which are set at the market where firm penetrates. In this case all firms from case study and moreover, all firms from sampling operate at the Russian market for a long time so they can be defined as

firms which are shaping the industry today. About the self-regulation of the industry Coca-Cola manager says the following:

“Partnerships are made so that we set up regulation which satisfy both the industry and the state. We cannot raise the entire infrastructure with the help of just the one company, so it is a reason to join the hole industry. Besides the voice of several companies is better heard by the state in discussion of the lows’ adaptation, laws’ logic and so on. We are able to accumulate the experience of the industry and share it with the state to find the best solution for the regulation of different issues.”

It can be said that MARS company is adapting to the conditions instead of proactively manage the risks. For example, the RusPro association was created in the 2016, when rumors about additions to ERP has appeared. Companies with holistic strategy approach has formed this association due to the minimize the costs of recycling, MARS did not enter the association. Nevertheless, in the 2019 it was involved in the conjoint project with the RusPro because it was clear that the new law is going to be accepted and company started to seek opportunities for solving the problem of recycling.

Nevertheless, in terms of competition, companies look at each other but it does not mean that they are copying initiatives. In MARS case the competitor’s observation has a chance to be on of the influences that makes company become more strategic in terms of the CSR. The MARS manager says the following:

“We look at the competitors and see that they are more strategic than we are. We want to develop as well. Of course, if all activities were systematized, it would be much more effective. In fact, we are moving towards this, because projects are being scaled up.”

Parent firm

Withholding power of the parent firm can negatively affect the possibility of subsidiary to adapt to the local CSR practices (Yang, 2009). We see the confirmation of this hypothesis in the case of Coca-Cola and Danone – companies with strategic thinking of CSR. There are many cases, in which company could do nothing and did not provide any activities but companies with holistic sustainability approach for strategic planning decided to act – for example, the League of zero waste by Danone, which was created after the research about the food waste. By the words of Danone manager this problem is not very trendy in the modern discourse, everybody talks more

about the plastic problems, nevertheless, this is a more harmful issue in the potential because volume of the food waste in several time bigger than plastic waste.

“In Danone we create trends, not follow them. The topic of food waste was not discussed by any of the stakeholders, but we saw a chance in it.”

For Coca-Cola HBC, the global strategy is just a vector, and each country develops in its own way and local management must adjust into the strategy.

“When a strategy is being developed, the subsidiaries are involved. It is impossible to live by a global template, you take a vector and adapt it to realities. The goal is globally one, the path is different. You can take neighbors (Poland, Ukraine), see what goes on, what does not go.”

Unilever manager also confirms the impossibility of rejecting the global level strategy:

“Of course, we must be on the same line with the global agenda. Moreover, the subsidiaries take part in shaping the global strategy.”

MARS company also understands the importance of adaptation and all major charity and brand activities are changing due to the Russian community peculiarities, for example, company provides an educational function, explaining people why adoption of dogs and cats is a good thing.

Stakeholder management in the Russian subsidiaries

Of course, all companies understand that not only shareholders are associated with them, but also stakeholders who interact with the company. Nevertheless, regarding prioritization of stakeholders, the situation is not so clear-cut. Danone and Unilever prioritize their stakeholders, using the Mendelow matrix, the concept of which has already been mentioned in this work (prioritization by two criteria – importance and influence). The companies reevaluate the prioritization through some time. Danone manager says the following:

“The stakeholder map is dynamic, it is also done for the department of public affairs, we include regulators, associations, industry unions there and many other stakeholders. We try to update it annually. We know that consumer changes his or her views, the people in the ministries also change and we should adapt to these conditions.”

The Unilever manager says the following:

“Yes, we prioritize stakeholders, and each department has its own prioritization – marketing, R&D, sales, logistics, government relations, CSR and equally all others.”

On the other hand, MARS and Coca-Cola do not have the stakeholder prioritization which is strange and inefficient since the lack of prioritization leads to an incorrect distribution of actions in relation to a particular stakeholder (Mendelow, 1991).

“It is necessary to thoroughly analyze the stakeholders specifically for Russia, to see what and how. You need to carefully map. However, it cannot be said that some stakeholder group is more important than another; rather, there is a ranking within the stakeholder group. Nevertheless, now we have a choice of who to work with and how to work (for example, suppliers), although 10 years ago the number of suppliers was much smaller, because we have very high requirements. So, for business, you need to work in a comprehensive manner and work with both regulators and the community. All directions are equally important.” (Coca-Cola HBC manager)

“There are many social projects with various stakeholders, but there is no stakeholder prioritization, because these are different projects with completely different deadlines.” (MARS manager)

As we can see, MARS thinks about stakeholders only as beneficiaries of the various social projects company implements. Among these stakeholders are the local government, and various NGOs, which are mostly involved into the charity work (animal shelters, etc.)

Table 12

	<i>Stakeholder prioritization</i>	<i>Type of prioritization</i>	<i>Public materiality matrix</i>
MARS	No	—	No
Coca-Cola HBC	No	—	Yes
Danone	Yes	Mendelow’s matrix	No
Unilever	Yes	Mendelow’s matrix	No

Stakeholder management of the Russian international food manufacturers subsidiaries, made by author.

Regarding stakeholder management it also can be noticed that some stakeholders have more influence on the MARS company than on any other company from the multiple case study. As can be seen in the figures 24 and 25, such stakeholders as the competitors, NGOs, employees become more dangerous for the company without a strategic approach to CSR, and it is forced to consider

their interests. Thus, everything is one way or another moving towards adopting a strategic approach. Unfortunately, in this case study there is only one represented company with non-strategic approach so it can be considered as a limitation of this study.

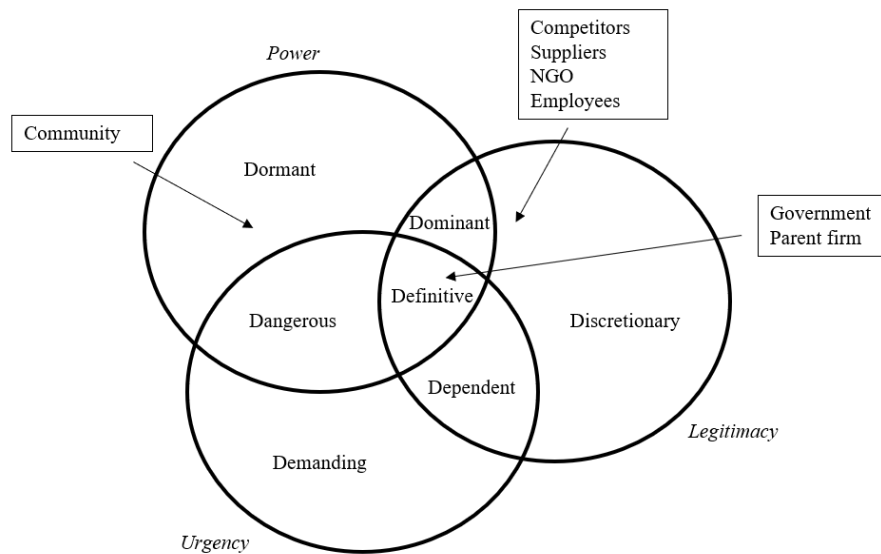


Figure 24. Mitchell salience model for the holistic sustainability companies in Russia, made by author.

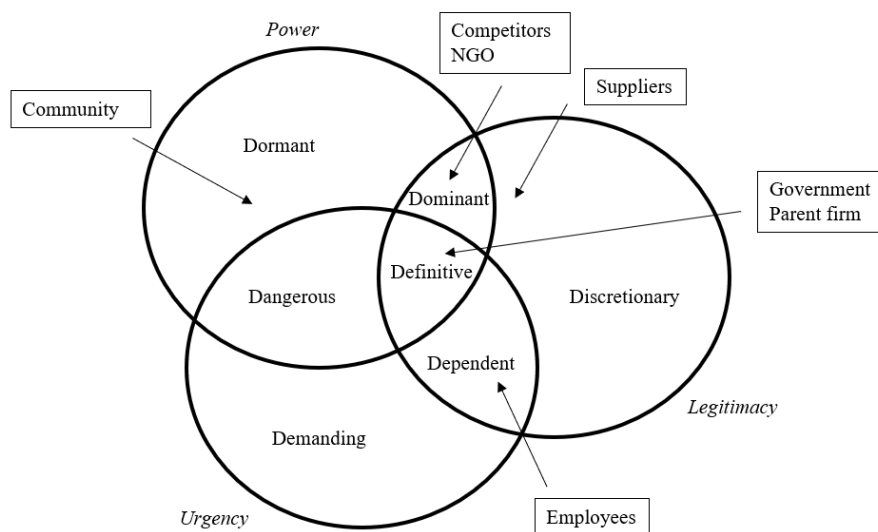


Figure 25. Mitchell salience model for the legitimizing companies in Russia, made by author.

Stakeholder management during the Covid-19 crisis

All companies have noticed a big increase in the need for corporate philanthropy. It goes in direct with the research of Effie and KPMG who stated that charity projects dominated throughout the second half of the 2020 (Effie Russia & KPMG, 2020). Using Mitchell salient model, we can say

that the community has acquired another type between of power – urgency, because communities were really suffering and needed quick supplies of help (figure 26 & table 13).

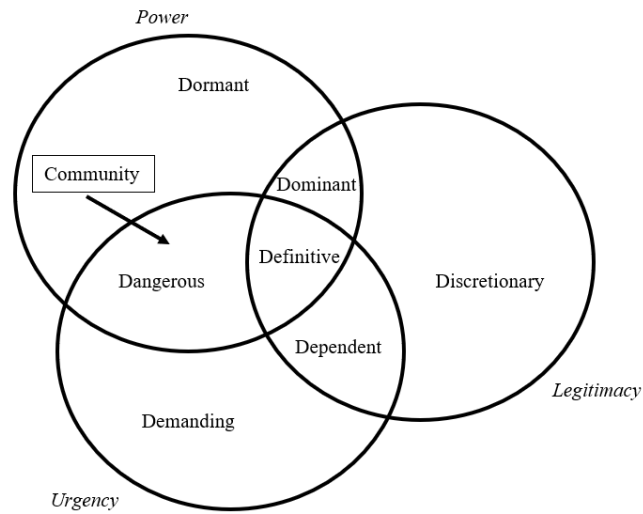


Figure 26. Change of stakeholder prioritization during the Covid-19 crisis, made by author.

Table 13

	<i>Influence of the Covid-19</i>
MARS	More charity
Coca-Cola HBC	More charity
Danone	More charity
Unilever	More charity

Covid-19 influence on the CSR strategies of the international food companies, made by author.

2.4. Proposals on adapting international food manufactures' CSR strategies to Russian stakeholders' peculiarities.

As a result of the multiple case analysis, the following features of stakeholders in Russia were identified:

- There is a lack of skills and knowledge amongst suppliers to maintain sustainable farming practices.
- NGOs are majorly focused on charity campaigns in their partnerships with corporations.
- Low level of involvement if local communities in solving social problems that relate to the processing of waste (plastic, as well as food)
- CSR is synonymous to charity.
- The government is applying an increasingly robust policy in relation to the activities of companies that relate to the achievement of sustainable development goals.

- Responsible consumption is becoming more popular in Russia. New consumer brings new requirements to the products, becoming a driver of sustainable change (improving the composition of a conventional product, as well as switching to alternative goods, for example, vegetable milk). However, price is still the dominant factor in purchasing decisions.
- Managers want companies to move towards a strategic CSR approach because it helps better manage stakeholder engagement processes.

Speaking about the proposals that companies can use in adapting CSR strategies in Russia, it is also necessary to divide them on which stakeholders influence these activities, as well as which stakeholders these activities are aimed at.

Regarding relations with the **state**, the most effective option for building a dialogue is the creation of industry associations that lobby for the joint interests of food producers. Nevertheless, as the analysis of the case study showed, lobbying does not always help, and the state passes laws that run counter to the level of infrastructure available in the country. In this case, it is also beneficial for companies to form associations to minimize losses caused by the state. This proves that the state is the decisive stakeholder for food producers in Russia since companies adhere to two types of strategies in relation to it - involvement and minimization of risks.

Regarding **NGOs**, the interviewed company managers did not agree on the expertise of NGOs in Russia, however, a joint study by Effie and KPMG for 2020 showed that more than 40 percent of respondents from among foreign companies could not find a suitable NGO for CSR initiatives in Russia (Effie Russia & KPMG, 2020). This may be due to two reasons:

- Companies have a non-strategic approach to the choice of NGOs and thus cannot find a suitable NGO from among the small
- The current situation among NGOs allows companies to work with them only as "donors of charity."

These problems can be solved in the following ways:

- Approach the selection of partners based on fundamental objectives and problems in stakeholder relations, as well as based on the SDGs that are planned to be achieved through this partnership.
- Build a dialogue with NGOs, sharing the practices of developed markets, thereby increasing the involvement of this stakeholder.

The consumers are paying more and more attention to the social and ecological responsibility of business, therefore, companies must master such an approach as socially oriented marketing, where socially significant goals are included in marketing communication with the consumer. This should not be just philanthropy, but it should fit the strategic goals of the company both in the field of CSR and in general since the line between CSR strategy and business strategy continues to blur. For the most effective implementation, partnership with various organizations with expertise in this matter is necessary, as a rule, these are various international and local NGOs or associations. It was found out, that the issue of weak NGO's development is quite acute in the context of Russian CSR, therefore, to conduct effective social advertising campaigns, it is necessary to develop a methodology for assessing results, relying on already existing international standards, for example, the Global Value Exchange. These assessment methods can be formed with the help of a new association, which could be initiated by large multinational food industry companies. Moreover, it is necessary to develop reporting standards, according to which the parties report on the campaigns, this will allow not only to distribute funds more efficiently, but also to change the attitude of NGOs to those that are closer to business (that social companies should not only help, but also be effective).

It is necessary to introduce more products, oriented on the healthy lifestyle (plant-based milk and products with reduced amount of sugar and other unhealthy ingredients) and environmentally friendly packaging, but do it gradually and with great variability, since too abrupt a transition will cause high price increases, which can negatively affect sales, because price is still the most important purchase factor. In addition, it is possible that the manufacturer builds CSR initiatives into brand marketing, explaining the reasons that product is more expensive because of its sustainability causes and why these causes are good and beneficial for the society and for everyone in the long-term period.

It is best to work with **suppliers** and develop them. Firstly, as the case study showed, in the long term it is cheaper than purchasing raw materials from abroad, moreover, this process became more complicated after the sanctions. Sustainable farming is one of the most important points of the sustainable development program for companies that approach CSR strategically. In Russia, it is best for such companies to create their own initiatives that will develop suppliers, thereby improving the level of infrastructure in the country.

The low degree of **public involvement** in solving sustainable development problems also leaves an imprint on how companies can better build and change their CSR strategies in Russia. First, to

successfully achieve large-scale initiatives aimed at achieving the SDGs, it is best to first think about how communication with local communities will be built, because the study showed that built infrastructure alone is not enough for the successful implementation of sustainable projects. In addition, it is necessary to maintain constant communication not only with the community as such, but also with its individual elements, for example, small and medium-sized businesses, since they have a request to become more sustainable. The best option in such cases is to organize unions or associations that take on the role of "sustainability vehicle" and are willing to share the benefits of a sustainable approach to doing business. Such associations can include not only representatives of the industry, but also absolutely any companies that practice sustainable practices, whether they are retailers or various NGOs.

Companies also should listen to their **employees** and transform strategy or, in some cases, even create them, if the situation needs them to do it. Nowadays the lack of strategic approach can be seen as a disadvantage at the Russian market, in the multiple case study only one company out of four did not use the strategic approach to the CSR and manager says that it is an improvement zone. Partnerships and associations should help such companies to obtain the best practices and approaches of the strategic CSR. The summarized proposals can be seen at the table 14 below.

Table 14

<i>Stakeholder</i>	<i>Peculiarities</i>	<i>Proposal</i>
Government	Robust policies	Association creation
NGOs	Low development	Partnerships for social-oriented marketing
Consumers	Increasing interest in the responsible producer	Addition of the new options for healthy-oriented food but in formats which are accessible for most of the population (less packaging or less radical improvements)
Local communities	Low involvement and little knowledge	Communication strategy aimed for engaging should be developed for any big social project
Suppliers	Little knowledge about regenerative agriculture and sustainability in general	Creation of programs aimed to develop sustainable practices for suppliers
Managers (employees)	Desire for the company to become strategic in CSR matters	More active partnerships with industry leaders and adoption of practices

Peculiarities of the Russian stakeholders and proposals for them, made by author

Some general proposals can also be given, because in the multiple case study there was not a single company that would do everything necessary in the context of managing the expectations of stakeholders, namely, prioritizing stakeholders and publishing CSR reports with a materiality matrix for assessing priority issues. These conclusions cannot be the main practical result of the study, since they are too general and do not carry any specificity on the industry, nevertheless, this shows that even progressive companies in the context of CSR strategies can carry out stakeholder management even more efficiently in the Russian market.

Conclusion

The creation of this study was motivated by several things. First, CSR ceased to be an additional advantage for business, and after the adoption of the UN Sustainable Development Goals, it became the only possible way for companies to carry out their activities, especially for large transnational corporations that act as a benchmark for other companies in the markets. Moreover, large transnational corporations are obliged to manage the expectations and involvement of the parties both at the global level and at the local level, therefore it is necessary to study the situation in each specific country for the general situation in the world to improve. Food producers were selected because of the importance of the industry in the context of achieving sustainable development goals, as well as the peculiarities of interaction with stakeholders in view of the importance of the industry for society and public safety (food security). The Russian context was chosen due to the lack of knowledge in science, as well as the importance of achieving the SDGs in Russia for achieving the SDGs around the world.

The purpose of this work was to create proposals for adapting CSR strategies of international food industry companies in Russia. First, there were several objectives to complete:

- Define theoretical and methodological foundation of CSR strategy and stakeholder management — it was done in the first and second chapters by analyzing the existing literature and all the important theoretical concepts and model for this work, such as salience model of stakeholders by Mitchell, model of CSR strategy creation by Baumgartner and framework of local stakeholder influence at the CSR strategy of global firm by Yang and Rivers.

- Describe relationships between stakeholder peculiarities and CSR strategies of the international food producers – it was done in the first chapter and also in the section 2.2, where the context of CSR strategies of international food producers is given.
- Analyze how CSR strategies adapt to the Russian environment and to the crisis situations in Russia in the form of the multiple case-analysis — it was done in the second chapter by conduction interviews and analyzing non-financial reports of 4 international food producers.
- Generalize findings and suggest improvements for the more efficient adaptation for already existing and potentially new international food producers at the Russian market – it was done in the section 2.4 where several proposals were made about better adaptation of international food producers at the Russian market.

To achieve the goal several research questions were also set and answered:

- Does the type of CSR strategy of international food companies change at the Russian market?

In the case study all 4 companies have shown the same strategy type at the Russian level as they have at the global level.

- What are the peculiarities in the relationships with stakeholders in Russia for global food producers and how do they adapt their CSR strategies or practices because of them?

There were identified peculiarities in the key stakeholder groups such as government, consumers, local communities, employees, suppliers, and competitors.

- How do CSR strategies in Russia change in times of crisis for food producers at the example of COVID-19?

CSR strategies of international food producers in the case study changed because local communities have become a dangerous stakeholder in the salience stakeholder model by Mitchell, therefore companies should spend more for charity to help the communities to deal with the consequences of the Covid-19 crisis.

Theoretical contribution

In this paper, concepts such as CSR strategy and stakeholder theory were considered. Generalized conclusions cannot be drawn from qualitative research due to insufficient sampling. However, qualitative research is great for making hypotheses that are tested against quantitative data. During this study, several interesting patterns emerged, checking which on quantitative data would help to identify certain characteristics of companies in relation to CSR.

1. Companies that use a strategic approach to CSR are more effective in managing stakeholder management than companies without this approach. Such stakeholders as the competitors, NGOs, employees become more dangerous for the company without a strategic approach to CSR, and it is forced to consider their interests. Thus, everything is one way or another moving towards adopting a strategic approach. Unfortunately, among companies without a strategic approach, only one case was considered, however, this hypothesis can be tested not only on food industry companies, but, for example, on all fast consumer goods companies.
2. The changed prioritization of stakeholders during a pandemic crisis in Russia is also explored. The hypothesis is that during a pandemic, local communities in Russia acquire another characteristic according to the Mitchell model (urgency), thereby becoming dangerous stakeholders, so companies need to help them through charity.
3. An in-depth study of the specifics of Russian stakeholders was conducted, which can be used in the following studies on stakeholder management in Russia.
4. The only company which has non-strategic approach to CSR is not public which means that, using the Yang and Rivers model, it lacks one of the important factors of CSR adaptation – shareholders. It might mean that companies without public guidance have less motivation to create strategic approach to achieving SDG both at global and at the local levels, but this could be verified in a separate study.

Managerial implications

This work presents not only theoretical, but also practical value for CSR and sustainable development managers of international food manufacturers in Russia. Not only were patterns derived that should be tested in the future on larger amounts of data, but also specific cases of adaptation were identified that allowed firms to operate more efficiently in the Russian market. Concrete and non-judgmental proposals were drawn up to improve the adaptation of CSR strategies of all international companies in the Russian food sector, which will help not only

achieve sustainable development goals, but also, as a result, reduce business costs. These proposals are the following:

- Create industry associations that lobby for the joint interests of food producers for the most effective dialogue with the state
- Communicate with NGOs not only on the charity actions and practices but also on the matter of social marketing campaigns which are beneficial both for business and NGOs — business gets the opportunity to effectively respond to the increased demand for a responsible manufacturer, NGOs acquire knowledge of how "effective" from the point of view of business charity should function, which in the future will strengthen cooperation between organizations.
- Develop suppliers and their knowledge about regenerative agriculture because it reduces the costs in the long-term period and makes suppliers better in terms of product quality.
- Build communication with local communities in such a way that each large-scale initiative must be accompanied by additional activities that raise people's awareness of this problem, as building only hard infrastructure is not effective in solving complex social and ecological issues.
- Consider the increased interest of consumers in products oriented at the healthy lifestyle, as well as to the problem of plastic packaging, but make changes in these directions gradually, without dramatically increasing the cost of the product, since it is the price that remains the decisive factor for the purchase.
- For companies which do not use strategic approach — to form partnerships with companies which apply such an approach and obtain the best practices and strategies.

All in all, in this work, the main concepts of CSR were analyzed, and a connection between them was made. The methodological justification of the work was provided; the main method of research was a multiple case study based on a semi-structured interview and analysis of documents related to the disclosure of information about CSR companies. Moreover, the literature was analyzed to describe the relationship between the characteristics of stakeholders and the adaptation of the CSR strategy as a result. Then, in the practical part, 3 cases were considered to find similarities and differences in adaptation. The following conclusions were made — the type of strategy does not change when entering and operating on the Russian market. Local stakeholders are actively influencing adaptation, and several types of adaptation and several types of influence

have been derived. In addition, inefficient ways of managing and involving stakeholders were identified. In this regard, specific steps were proposed that will allow companies to adapt CSR strategies in the Russian market more effectively. These recommendations are also useful for food industry companies that are just about to enter the Russian market.

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Appendix

Interview questions

1. What is a CSR strategy for a company? A way to integrate resilience into all business processes. Build a mutually beneficial relationship with the community? To just manage stakeholder relationships?
2. The interests of which stakeholders do you consider when implementing CSR strategies in Russia. Do you know if this set is different for Russia and for other countries?
3. To what extent is the strategy dependent on stakeholders? (Examples of adjusting the project to the stakeholder)
4. Is the prioritization of the SDGs the same for the company in Russia and at the international level? Has the prioritization of the SDGs changed during the implementation of the sustainable development strategy?
5. Why does the company decide not to focus on a particular SDG?
6. Does your development plan include items or goals for responsible supply chains? If there are goals — how do you work with suppliers, given that the level of perception of socio-environmental problems in Russia is lower.
7. Is the level of perception of socio-ecological problems in Russia growing lower and do you adapt the programs over time and the improvement of people's knowledge in this matter
8. Russia in 2020 began to publish reports on the achievement of the SDGs. We can say that this is becoming important at the level of the state agenda. Are you seeing a change in government relations in the context of the SDGs?
9. Please, provide examples of your company's interaction with NGOs. What is more systemic — the impact of NGOs on you, or you on NGOs?
10. Do industry companies carry out sustainable projects among themselves? (Cooperation with the same company). What is the essence of such partnerships?
11. Has the Covid-19 crisis changed the relationship with stakeholders and their prioritization in any way? Have you changed the priorities in the implementation of the SDGs in response to the pandemic?